

which, Indiana has undertaken on credit, a system of Internal Improvement, originally estimated to cost about sixteen millions, and now confessed to require not less than twenty-five millions, for its completion. Even now when the control of our state affairs is surrendered to us by our opponents, we find that Indiana has actually expended on her public works, (after deducting the probable value of her original canal lands,) about six millions of dollars; all borrowed from Europe; a debt to raise the interest on which at six or even five per cent., her present ad valorem state tax, though the highest in the Union, is insufficient.

It would be a melancholy but also an instructive task, to trace the rise and progress, and exhibit the management, in Indiana, of this Funding and Internal Improvement System. It was originally incorporated in a Bill, well named the MAMMOTH, and which resulted in the simultaneous commencement of nine different works, giving to each a specific appropriation.

Without discussing, for the present, the abstract question, whether it be wise or politic in a state to borrow money for the purpose of constructing a system of public works, or whether such a policy be not an anti-democratic extension of the operations of government, beyond their legitimate sphere, into the uncertain region of commercial enterprise; without examining whether the sagacity of self-interest can alone safely undertake, or economically manage, such projects; without enquiring, further, whether a tax for internal improvements by a state, can ever in the nature of things, be other than unequal and unjust, and whether, if it be so, such a tax, for an object, not of necessity, can be approved or justified by sound principles of republican policy; without entering at this time, upon these important enquiries, it must be conceded, that the system which has been adopted is far beyond the present wants and means of Indiana. Nay, more; it is of a magnitude, compared to our resources, without example in the history of mankind. The pyramids were stupendous fabrics; and Egypt squandered, by her despotic rulers, on these, the marvels of a modern world. The Colossium, that miracle of architecture, cost luxurious Rome some fourteen millions of dollars. But history furnishes no record of a state or nation that ever undertook a system of public works estimated to cost one fourth of all the wealth, real and personal, possessed by her citizens at the time of the enterprise; if, indeed, we except our sister state of Illinois, who has rashly followed in our footsteps.

New York led the way of the modern policy of loaning for internal improvements. In the year 1817, she undertook her great canal, originally estimated to cost five and a half millions and which did cost about seven millions and a half. But at the time of the undertaking, the estimated property of the State was three hundred and four millions of dollars. And yet, with three times our wealth, how scrupulously and cautiously did even the enterprising Empire State venture upon a public work not costing one third as much as our system! She was careful to set aside, even by an express constitutional provision, various productive sinking funds—her legislative salt and auction duties among others—to defray the interest on the proposed loans. She anxiously examined the path before her, well weighed every step she took and prudently anticipated every coming exigency. How different was the hasty and calculating conduct of those political leaders, who rashly involved our young State without a single precautionary measure, in a debt of millions and an enterprise of ten millions!

Pennsylvania—the Quaker State of Pennsylvania—followed by the lead of New York. And as sober people, once thoroughly excited, commonly run into extremes, so the descendants of William Penn, when fairly switten with the prevailing rage, astonished the world by their adventurous spirit. They added to their system one Public Work after another,

A political sentiment more extravagant than the above, it would be difficult to find, in the annals of republican politics; yet it has been generally copied, with approval, by the whig press of the Union.

The report of Chief Engineer Williams, made to the House of Representatives on the 23d of January, 1850, "in relation to the original and present estimates of the public works," gives, as the total of the original estimates before the legislature of 1835—\$2,619,000,000, or say in round numbers, sixteen millions of dollars. These estimates (some of unascertained value based on the average of the others) were all within the reach of the legislature which passed the internal improvement bill, on the day of its passage, though most of them were not, at that moment, in perfect form before the legislature; for the bill was hurried through before the engineers' reports had returned from the printers.

Governor Noble's recommendation was for a system to cost ten millions; and the original appropriation on the works amounted to that sum only. Hence the idea was commonly adopted throughout the state, incorrectly however, that that was the original estimate of the system. The estimate was about sixteen millions; and though considerably below what is now admitted to be the actual cost, is not more so than such first, rough estimates usually are; especially when the great increase of the cost of labor and provisions within the four last years, is taken into account.

In the same report alluded to in the last note Mr. Williams gives, as the "estimate of work done up to 1st November 1849, exclusive of superintendence," the sum of \$3,319,593. The superintendence, in Mr. Williams' opinion, will be from 5 to 6 per cent. on the above, say \$339,000; making together about six millions nine hundred and seventy thousand dollars. If we add thirty thousand dollars for what has been done since the first of November (and it is less than the actual amount) we have seven millions as the total cost of work done. The Report of the Board of Internal Improvement made to the present Legislature, estimates the total value of our original canal land, with probable accuracy, at one million dollars. This deducted from the above, leaves six millions of the total expenditure for internal improvement, deducting the canal land fund.

In North Carolina the tax for State and county is six cents on the hundred dollars. In Kentucky (the most heavily taxed state next to ourselves, it is now) one dollar and forty cents; but in reality as her former governor in his message informed us, about thirty-five cents for state and county purposes; while in Indiana, that tax, averaged about fifty cents in the hundred dollars, over the entire counties of the State.

Upwards of three-fourths of our Internal State tax goes for the support of Internal Improvement; for a tax of seven and a half cents with the poll tax would over pay the current expenses of our State Government.

until they themselves shrink alarmed from the prospect of accumulating debt, before them; and at last consented to receive within their territory that United States Bank which the people of America had discarded; for the poor sake of a bonus opportunely offered by that institution to relieve her growing embarrassments. Let us read, in her doings, a wholesome lesson! The first step to dishonesty in an individual is a habit of profuse expenditure not justifiable by his fortune. The first step to public prodigality in a State is the incurring of debts beyond the limits of her resources. Men, and States; do many things under the pressure of want, which in days of better fortune, they had scorned, even to think of. In public as in private affairs, economy is the surest safe-guard of integrity. This is one of the weightiest reasons against an extensive system of Public Debt, commonly evincuating in national embarrassments. It is a prudent prayer not to be led into temptation!

But the difficulties from which Pennsylvania, by such expedients, sought to relieve herself, were light, compared to those that await Indiana in the course she has been pursuing, and under the management she has been subjected. Pennsylvania's entire system of Internal Improvement is hardly, if at all, more extensive than that which we have projected. It will be completed for less than thirty millions of dollars. Add to this, that it is far more likely to be productive; inasmuch as the chief works which compose it form the great lines of communication between the Atlantic States and the Western Country. But the taxable property of Pennsylvania is nearly seven times greater than that of Indiana; and thus a scheme of Public works to cost one hundred and fifty millions would be smaller compared to the present wealth of Pennsylvania, than Indiana's system compared to the resources she can command to day.

In vain, then, do we look for precedent to encourage us. We find none. From the consequences of our young growing energies—from the elastic spirit and checkless enterprise of our citizens—from a fast flowing tide of emigration and a rapidly swelling fund of taxable wealth—but above all, from a bold and radical reform of our entire state policy, and a thorough and immediate retrenchment of our public expenditures—from these and similar sources alone, may we derive a well-grounded hope of the future prosperity of Indiana. We may furnish, in our rash career of enterprise, a brilliant example, but assuredly we shall follow none.

The gigantic scheme of which we have here traced the extent, has never yet been made a strict party question in Indiana. Some Democrats have contended and voted for the measure. Some Whigs have contended and voted against it. Truth demands this admission. And a party that would falter in making it, because it might seem for the time being, expedient to represent it otherwise, would build their future hopes on a sandy foundation; they would lose, and deserve to lose the confidence of the people.

We admit, then, that the support of our system, even to the present day, has not been exclusively Whig. We admit, that some democratic candidates instructed their representatives to vote with the Internal Improvement Party. We admit further, that the views even of many Democrats, who now see how clearly, how rashly we have involved ourselves, have been essentially changed, and gradually matured, as experience disclosed the character and extent of the system that has involved us. From the severe lessons of experience, our best and soundest principles of policy have ever been derived.

But while truth and justice demand these admissions, they demand also, a further statement of important facts: The scheme of Internal Improvement now the leading feature in the State policy of Indiana, was first conceived and executed, and has been carried on, even until now, under the almost exclusive management of the self-named Whigs. They decided its character and extent. During its birth and entire progress, they have not only filled the Executive chair and chosen the presiding officers of both Houses, from their own ranks, but the chairman of every important committee of the Legislature, especially that of canals and Internal Improvements, have been uncompromising whigs. The executive officers of the system, too, have been selected with rare exceptions, from the same party.

For the original projection, then, of the system, and for its entire management, the whigs are, and of right ought to be, strictly responsible. Others followed the current; but they first opened the floodgates; others acquiesced, but they directed its course.

And blindly and wildly have they directed it through all its devious windings! If some lingering doubt remains, as to the rashness of the first conception of the system, can there be any as to its subsequent plan of management? If any there be, let us be reminded, that tens of thousands have already been paid to a board of public works for mere incidental superintendence, that hundreds of thousands have already been spent on engineering surveys and locations; that millions of the amount borrowed by our fund commissioners, have not yet been touched by the State, and may not, for years to come, be available; and that, after issuing our state bonds for internal improvement purposes to the amount of upwards of eight millions AND A HALF of dollars,* we have not a single

* The total amount of Indiana state bonds sold up to the 31st December, 1849, by the last statement of the fund commissioners, (including half a million of bank bonds, which were to have been returned by the Morris Canal Company, and four hundred and fifty-five thousand dollars conditionally sold for the Madison Railroad) is 11,019,000; upwards of eleven millions of dollars. Of these bonds, \$2,624,000 are bonds sold to create bank stock. Deducting these, and adding the amount already realized for canal bonds sold (\$274,000) we have the sum of \$8,000,000, applicable to the construction of the public works; or rather which ought under good management to have been so applicable. But the total work done is, as shown in a former note, about seven millions; and of this \$611,000 is still due to our bank, and upwards of a million and a half which is still unpaid. Consequently, there has been paid out less than five millions and a half; showing that upwards of three millions of dollars actually loaned by the State of Indiana, and for which her

work completed, no, nor approaching completion, if we except the Wabash and Erie canal, which has a separate fund for its construction, and was no part of the system of 1835. The work done is dotted, in detached portions, all over the state. It is unprofitable and unproductive, indeed for the most part, utterly useless, until millions more are spent, to connect these detached portions. And, as if to fill up the measure of mismanagement, after incurring that great debt, we find our contractors and their laborers knocking at the door of our capitol, and demanding, not relief or extra allowances, or indulgence, but only their just and legal dues; and demanding these in vain! A melancholy example does the situation of these men furnish, how, by the misrule of a few years, a state may be reduced to the humiliating necessity of seeing her agents and workmen become bankrupt before her eyes, for the lack of those wages, honestly earned, which she, with millions due to her, has not yet, for the present, the means to pay.

Such are the circumstances under which the Democratic party has received, from her political opponents, the reins of state government.

Let us, then, clearly distinguish our position. A celebrated writer has said, that "the lives of the best of us are spent in choosing between evils." (This is in an especial manner, the present situation of the democratic party in Indiana. It is not for them to decide, whether the state shall undertake, or shall not undertake, an internal improvement system. It is not at their option now to determine, whether Indiana shall incur, or shall not incur, a debt of millions to foreign capitalists. Before they came into power the deed was done. And let the democratic party act as they will they choose an evil still. Let them act as they will some portion of our citizens will probably be dissatisfied with the action. For men are too apt to forget, that the errors of years cannot be corrected in a day; and to retreat from a position of danger and difficulty with safety and honor has ever been considered the severest test of accomplished generalship.

Retreat! Is the expression a startling one! Does it smack of nullification? If nullification mean the destruction or abandonment of all that has been done, to waste and ruin; then is it a course very different from any we would approve. But from the reckless, wild-spreading, lavish policy of the last four years, we must perforce retreat. The system in one sense has nullified itself. Fate, stronger than senates, decrees its suspension for the present. Retreat is a measure of far more than caution or prudence; it is commanded by imperative necessity.

And we must retreat with honor if we retreat at all. The fair fame of young Indiana must remain, among the nations of the earth undimmed; even by a suspicion. If it be difficult to determine what we ought to do, we can at least decide what we ought not. Come what will, never must we depart from that principle embodied by Jefferson himself in the code of original democracy: "The honest payment of our debts, and sacred preservation of the public faith."

At seasons like the present, it is useful to be reminded of such principles, simple and common-place as they may seem. And accordingly Maria Van Buren, in his late message, has repeated and enforced the admonition. He says: "Let the faith of the states, corporations and individuals, already pledged, be kept with the most punctilious regard." It is due to our national character, as well as to justice, that this should, on the part of each be a fixed principle of conduct."

If, during the fulfillment of these imperative obligations, times should be hard and taxes be heavy, not with those who now impose their bonds are issued, have never been received, and are not, for the time being, at her disposal, thus:

Amount of bonds sold, which to have been available for internal improvements, upwards of	\$3,500,000
Amount actually paid out for internal improvement, less than	5,500,000

Leaving of the loan made, the sum at this time unavailable of more than

	\$3,000,000
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Of this amount less than a million is due by the Morris Canal and Banking Company; nearly three quarters of a million is due from the Bank of Western New York, the Erie county Bank and other New York banks; nearly three hundred thousand dollars is in unavailable real estate, (a cashable factory and lots and land in New York,) and upwards of one hundred thousand dollars more is in bonds and mortgages, taken, with the above real estate, for a debt due by the Citizens of Baltimore. The conditional contract for the Indianapolis rail road, payments of interest inadequately provided for by taxation, and a few smaller items make up the total.

In addition to the above enormous deficiency, one million of bank bonds disposed of during last year in New York, remain unpaid, and the state has been compelled to take various collateral securities, to secure the amount due on these.

The "general incidental expenses of the board of Internal Improvement," since the commencement of the system, are given in the fund commissioners' report of this year at \$26,767; but this does not include the per diem of the members of the board, nine in number, for the first three years, at three dollars and a half a day; and for the last year three in number, at \$1,500 a year; total of salaries, in the four years, about forty thousand dollars; making the total expenses of the board upwards of sixty-six thousand dollars.

The amount spent in surveying and locating the various works cannot be accurately obtained from any of the reports, as it has been merged in the general cost of construction. It is roughly estimated by the chief engineer at about three hundred and fifty thousand dollars. These various items are given chiefly in round numbers, partly for the sake of easy reference, partly because the exact amounts are not reported to the legislature; but they are sufficiently accurate for all practical purposes, and are furnished here, not by way of impeaching the conduct, still less the intentions, of individuals, but in evidence of the general character and the dangers, of a system, leading to such deplorable results.

taxes, but with those who incurred the debt, which render such impositions necessary, justly rests the blame. If in them it was rash improvidence to contract the debts, in us it is but common honesty to pay them.

There is, one alternative only by which, without actual violation of the public faith, we can now escape high taxes; and that alternative is pregnant with even worse than dishonor. We may put off the evil day. Those burdens grievous and heavy to be borne, which we ourselves scruple to touch with one of our fingers, we may lay on the shoulders of our children. To them, for whom alone a good parent toils, and saves and accumulates, to them, to whom we have imparted existence, thereby incurring a holy obligation to render that existence, as far as in us lies, a happy one—to our children we may bequeath, not the proud heritage of prosperous freedom, but the humiliating embarrassments of tributary slaves. We may violate the provision embodied in our Modification Bill of last session, which declares, that the executive board "shall never countenance the ruinous expedient of continuing to borrow additional capital to pay interest on previous loans." We may do all this—that is, if foreign nations should still be credulous enough to trust to the honor of a state, whose citizens shall have barely resolved to seek escape from the consequences of their own imprudent conduct, by enjoining these on their blameless and unprotected offspring.

Let us be reminded of an anecdote preserved by an eloquent revolutionary writer. At the time when the question of separation from Great Britain was fiercely agitated, a Tory, who kept a tavern at Amboy, in New Jersey, was standing at his door holding a pretty boy by the hand; and concluded an argument in favor of his opinion by saying: "Well, let me have peace in my day!" Not a man on the continent, (such is the reflection of the writer alluded to) not a man on the continent but believed, that a separation must eventually take place; and a parent with any pretences to generous feeling, would have said: "If there must be trouble, let it be in my day, that my child may have peace!"

Does not the lesson come home to us? Does it not apply to our own case, every more strictly than that of the oppressed colonists? The threatened war was not of their seeking. It was brought about by no imprudence or misconduct of theirs. If it was their duty to save their offspring from its impending evils, far stronger is the obligation upon us, to bear in our children's stead, the consequences of our own voluntary act. If we have been blindly imprudent, let us not in addition, be selfishly unjust.

Let us open our eyes, then, upon our real situation. What a man sows, that also must he reap. Our state has engaged in a project of uncertain profit. She has borrowed millions and spent them on a doubtful enterprise. If she perseveres in that enterprise, to render any considerable portion of it productive, she must borrow and spend millions more. Even then the returns may be slow and the profits slender. If they should be, she must like other unsuccessful projectors, pay the penalty of her imprudence.

It does not come within the purpose of an address like the present, to enquire by what immediate expedients the urgent demands of the public creditors may be satisfied, nor to decide between the various plans that have been suggested, to raise funds for the purposes of the moment. These and similar questions it is the peculiar province of the legislature to discuss and determine.

But another enquiry of broader import and more general character still remains to be solved. It is this: How shall we effectually prevent a repetition of the evils under which we are suffering to-day?

Perhaps we cannot better or more forcibly reply to this question than in the following extracts from the message recently delivered by our Chief Magistrate, that man for whom, in November next, we expect to cast our votes. President Van Buren says:

"Our people will not long be insensible to the extent of the burdens entailed upon them by the false system that has been operating on their sanguine, energetic, and industrious character; nor to the means necessary to extricate themselves from the embarrassments. The weight which presses upon a large portion of the people and the states; is an enormous debt of dollars a year to pay the interest. This sum has to be paid out of the exports of the country and must of necessity cut off imports to that extent, or plunge the country more deeply in debt from year to year."

In lieu of the comforts which it now brings us, we might have our gigantic banking institutions, and splendid, but in many instances, profitless, railroads and canals, absorbing to a great extent, in interest upon the capital borrowed to construct them, the surplus fruits of national industry for years to come, and seeking to posterity no adequate return for the comforts which the labors of their hands might otherwise have secured. It is not by the increase of this debt that relief is to be sought, but in its diminution. Upon this point, there is, I am happy to say, hope before us, not so much in the return of confidence abroad, which will enable the states to borrow more money, as in a change of public feeling at home, which prompts our people to pause in their career, and think of the means by which debts are to be paid before they are contracted. If we would escape embarrassment, public and private, we must cease to run in debt, except for objects of necessity, or such as will yield a certain return."

And again: "By ceasing to run in debt, and applying the surplus of our crops to the discharge of existing obligations, buying less and selling more, and managing all affairs, public and private, with strict economy and frugality, we shall see our country soon recover from a temporary depression, arising not from natural and permanent causes, but from those I have enumerated, and advance with renewed vigor, in her career of prosperity."

Never did advice come more opportunely and appropriately, than does this to us. If the message had been prepared expressly for the state of Indiana, the recommendation could not have

applied more forcibly to her present situation. The people of Indiana have an opportunity, at the coming election, to enforce this policy, if they see fit, by a constitutional guarantee. The eighth article of our State Constitution provides, that every twelfth year from the period of its adoption, at the general election held for Governor, there shall be a poll opened, in which the qualified electors of the state shall express, by vote, whether they are in favor of calling a Convention or not; and if a convention be decided on, it shall have power to revise, amend or change the constitution, with this only reservation, that slavery shall never, even by the vote of a Convention, be introduced into our State.

At the next August election, being twenty-four years since the date of our Constitution, the appointed term comes round. It will not occur again, for twelve years. Now, though prudence dictates, that a door to innovation in existing laws, and more especially in an established Constitution, should not be opened for light cause, yet emergencies occur, from time to time in public affairs, which renders such innovations not only a prudent act, but an imperative duty. Should the Democracy of Indiana, after duly weighing her present situation, decide, that such an emergency now exists in our State, should they believe that nothing less than a constitutional check can effectually restrain the giant strides of the modern funding system; they will vote for a Convention, and then instruct their Delegates to erect, in the shape of a restrictive amendment to the constitution, a fixed barrier against improvident public loans; such, for instance, as that recommended by Thomas Jefferson, "never to borrow a dollar, without laying a tax at the same instant for paying the interest annually," and to declare that tax pledged to the creditors on the public faith.

Such a constitutional provision as this would restrain, in an appropriate manner, the profligate system of Public Credit, which has become the fashionable folly of the day. It would act by informing Public Opinion, and bringing that great engine directly to bear upon the abuse. It would prevent the possibility of contracting a loan, without instantly apprising the people, by a demand on their pockets, of the extent of the debt incurred, and the burdens produced by incurring it. It would cause the consequences of the act to follow it, on the moment. The People, through the ballot-box, will do the rest.

An additional argument in favor of such a restraint, is to be found in the migratory character of our population. Thousands who are here to-day may depart for the far West to-morrow; and thus, if the day of reckoning be a distant one, tens of thousands who were accessory to the deed may escape its consequences. But independently of these considerations, it is a sound principle, in political affairs as in criminal law, that punishment, to be effectual, should reach close on the heels of the offence.

The adoption of such a restrictive clause would be a fitting reply to the charge of our political opponents, when they arraign us as conspirators against public order and enemies to the interest of commerce. It would supply the proof by deeds which are better than words, that we desire to restrain and regulate, not to oppress and destroy.

And, assuredly, in private as well as public affairs, very much does our system of credit require restraint and regulation. In excess, credit, becomes a social element of a character the most aristocratic. It builds up habits of patronage and creates relations of servility. It encroaches on its dependence of action, and endangers the freedom of thought itself. When the entire springing interest become involved in heavy debts to the country merchants, there is temptation for these to exert beyond the limits which Democracy prescribes, the influence of a creditor's situation.

Nor is this all. An excessive system of credit is a tax, heavier than any state tax in the United on the industry of the People. A retailing merchant could better afford to sell for cash at half his present profits, than to incur the delay and expense and risk of a credit extending through whole years, even at the extravagant price now commonly added to the price of goods that are sold to the tradesman and the farmer. The purchaser, then, actually loses, under the present system of credit, a sum equal to the entire profit which, under a cash system, would satisfy the merchant; not less probably on the average, than twenty-five per cent. on the amount of every store account that is run up, in these Western States. And one important feature of the System, which still more strongly demonstrates its inexpediency, is, that the responsible and industrious pay for the idle and improvident. The bad debts incurred by trading those who never pay must be made up by an increased price levied upon those who honestly fulfil their obligations.

But again, setting aside mere pecuniary considerations, however important, we shall estimate the injury to the morals of a People, who contract a habit of carelessly incurring debts, on remote and uncertain chances of finally discharging them! Promises continually renewed are continually violated. No more conscientious are forced, by want of punctuality in their neighbors, to become unpunctual themselves; until the lives, even of responsible men, become a series of temporary shifts and daily expedients.

Among the pioneers of an infant settlement, such a system, perhaps, is unavoidable; and in all new countries credit is more urgently required than in older States. Everywhere, a moderate degree of credit has its advantages. But with us, at our present stage of progress, an excessive credit system is becoming daily more injurious and less necessary. At the liberal prices now offered for produce and labor, there are few of our citizens who are not independent enough in their circumstances, or by a year or two a prudent management may readily become so, to obey the injunction, which bids us owe no man any thing save only neighborly friendship; instead of becoming, year by year, more hopelessly enthralled by accumulating debt.

At the same time, then, that we suggest, as a democratic measure, a constitutional curb to a system of Public Debt, we recommend, as a concomitant reform, not less important nor less democratic, a gradual return from our system of unbounded private credit. This is the more necessary, as it will require careful economy and strict management in all our business relations, to enable us to encounter the heavy taxes, and the hard times which an opposite system has already entailed upon us.