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AND SWITZERLAND COUNTY DEMOCRAT.

BY ISAAC STEVENS.

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Report on the Internal Improvement System.

The following is the Report made by Mr. Lane, from the committee on Canals and Internal Improvements, in the House of Representatives, February 12, 1840.

[continued]

Then it was not founded in wisdom, because it did not include the means of its accomplishment. Therefore no prudence, no human skill in its prosecution, could have saved it, from its equally premature end. It, however, it originated in weakness and folly; its prosecution has been still more unfortunate and fatal to the interests of Indiana.

It is true the system has been fixed upon in Indiana. It has been prosecuted, and it is equally true, it has fallen into the hands of its friends, and now lies powerless and lifeless, unshored and unmet.

The committee are of opinion that however little of wisdom there might have been in its adoption, there has been less of prudence and skill in its prosecution.

The most fatal error in the bill was the provision for the prosecution of these works. Each work was to be conducted by a Commissioner interested in its prosecution, regardless of the whole; hence local interest and sectional feeling triumphed over public good.

To this source we may attribute the numerous lettings, unconnected with each other, on the several works. In this view of the case, it is not a forced construction to say, that it appears to have been the first object to obtain the appropriation of the very inadequate amount of ten millions, and expend it in such a manner on the works in detached parcels, as to secure further appropriations in order to see that which had been expended. A single instance will illustrate this proposition. To the Madison, Indianapolis and Lafayette rail road, 158 miles in length, was appropriated in the bill as a part of the ten millions, \$1,000,000. This sum was supposed by all to be an amount sufficient to complete the work; yet we find in 1839, that sum expended and appropriation of \$400,000 asked for and obtained, and yet 24 miles of that work are not completed. From the Governor's message of 1838, we make the following extract:

"We find 90 miles of the Wabash and Erie canal, 31 miles of the Whitewater canal, 23 miles of the Indianapolis division, and 20 miles of the southern division of the Central canal, 22 miles of the Madison and Indianapolis rail road, and 41 miles of the New Albany and Vincennes McAdamized road, completed or rendered fit for navigation or use, in the spring.

These works are said by his excellency to have been completed on the 3d Dec. 1838; in the aggregate to amount to 225 miles, to complete which, it appears by the report of the auditor of the same date, cost \$4,644,150, which shows beyond doubt that to complete the whole embraced in the bill, and upon which appropriations have been made, and moneys expended, it will require more than 27 millions of dollars, which, at simple interest will amount in 25 years, to more than 27 millions.

This being the case, it is in order to inquire how much the State is in debt upon bonds sold for Internal Improvement purposes, how much the State is in debt; upon bonds sold for Internal Improvement purposes, how much to the Bank for advances, and how much is still due, contractors.

It appears from the report of the Fund Commissioner, L. H. Scott, to the close of the year 1837, that bonds for the purpose, aforesaid, has been sold, including 455,000 dollars to the Madison company, to the amount of \$8,629,000. Due to the Bank for advances, as appears by the Governor's message, 641,200.

Due to contractors, including damages, to be estimated, supposed to be 1,500,000

Total \$10,770,200

It appears from the report of the Auditor to 31st of Oct. 1839, that there has been expended on the public works the sum of \$6,119,092 50

Of this amount it appears there was paid for construction, the sum of 4,255,489.03

And for contingencies 1,663,694.42

This table exposes at once the great error or deception of all the estimates made by the engineers. These estimate the construction, and allow but little for contingencies. One thing is certain the fault is in the estimates, or in the manner of disbursing. This is evident from the report of the engineer annexed. In the expenditure of \$20,563,908, he only allows for superintendents and contingencies, \$896,000, while by the Auditor's report, it appears to have cost double that amount to have disbursed six millions, and by the same rule, in disbursing the twenty millions; but little more than two thirds of the amount will be expended on work actually done, the remainder being exhausted on salaries, superintendence, &c.

The next branch to be considered, is, in the opinion of the committee, the most delicate and responsible of all, the promised revenues arising from the works when finished.

This is a matter of opinion, and can only be settled satisfactorily by comparing the works of Indiana with those of other states. It is a subject in which the public at large have been misled more than any other connected with the system. Nor is it the people alone who have been

deceived, and are deceiving themselves if they believe one half they say. Governors, engineers, committees, and all, have been engaged for years in holding out the delusive hopes that the works as soon as completed, would be sources of revenue, and this delusion is the argument that has sustained the classifier; that one finished, would by its revenues, aid in the construction of a second and a third. As a remedy, this is considered to be worse than the disease; and is put at rest on showing that no one work in the State, will sustain itself in paying for repairs, and the interest on the sum required for its construction; and it is believed that the public works, in one state, taken as a whole, have sustained themselves.

We will readily concede that is not a satisfactory argument against the construction of a public work, that it will not yield a revenue over and above the repairs and interest. On the contrary, it would be wise and proper for a state, with revenues to sustain her, to engage in the enterprise, for the purpose of affording to those at a distance, facilities for the transportation of their surplus produce; and though the work might be an expense upon the whole people, it would have a tendency to enrich the state. But for a state without any other resources than taxation, to engage in a general and extensive system, would be the height of financial folly. Such has been, and such is the system in Indiana. It was commenced without means, and has ended in the ruin of the people, an in the loss of public credit, at home and abroad, with a debt of ten millions, without the prospect of realizing the first dollar over and above what will be necessary to keep those finished in motion. There is one fact in relation to this subject, that cannot be concealed from the people, because they will realize it, to their sorrow; which is, to pay the interest upon our foreign debt; they will be taxed annually, for an interminable period, more than five hundred thousand dollars.

The Governor, in his message, referred to in this report, speaks of the New York canals as enriching the state, and the chief engineer, in his report of the 20th of January, 1839, says, "The estimate of tolls for future years, must, from the nature of the case, be in some degree conjectural. In making it up, I have had reference to the actual receipts of tolls on other similar works, for corresponding years after their completion. So far as there is a similarity in situation and trade, to warrant a comparison, this is the safest guide. It will not be fair to take the receipts from these improvements, which from their local and general direction, form the great thoroughfares between the east and the west, such as the New York canal, or the main line of the Pennsylvania improvements, as a basis for extending the profits of the Indiana improvements. The Ohio canals are more like those of Indiana in their location, their objects, and the nature of their trade, and are therefore considered a safer standard with which to compare the canals of the State, in respect to the probable tolls.

The Governor, and chief engineer, Mr. Williams are equally unfortunate in reference to the New York canals, as will appear from the Comptroller's report, made to the legislature of New York, Jan. 3, 1839, in which he says, p. 26 and 27,

"The prosperous condition of the Erie and Champlain canal fund, leads to erroneous estimates respecting the resources of the canals, distinct from the auxiliary revenues with which they have been aided. The other canals of the State are not only much less favorably situated than the Erie canal, in regard to revenue from tolls, but they are entirely destitute of auxiliary funds. Some idea of their condition, in a pecuniary point of view, may be formed by showing what would have been the condition of the Erie and Champlain Canal Fund, at this time, if no money had been borrowed for the construction of these canals, and the fund had depended solely on the tolls to pay the debt. A statement has been prepared, and is appended to this report, which shows that if the Erie and Champlain canals had been deprived of the benefit of the auxiliary funds which were originally pledged for the payment of the money borrowed, there would have been a debt against these canals on the 30th of September, 1838, after deducting the surplus of the present year, of \$3,549,089, and in this estimate the Erie Canal has all the benefit of the contributions to it in consequence of the construction of the lateral canals."

"The original cost of the Erie and Champlain canals, that is, the sum actually expended in constructing them, was \$8,101,394.12. Thus it is shown in the operation of borrowing, expending, and re-incurring the cost of the Erie and Champlain canals, confining these works to their own resources, the debt at the end of twenty-one years would be \$57,075 greater than the whole sum originally expended in constructing the canals."

Mr. Williams and his Excellency are still more unfortunate in their reference to the revenues of the public works of Pennsylvania. The Governor of that State, in his Message, the committee on canals and internal improvements, in their report, and Mr. Buchanan in his published letter, say,

"That their public works as a whole, do but little more than keep themselves in repair, and in motion; and that the State will have to borrow annually, one million of dollars to pay the interest on their foreign debt."

Again—Mr. Williams is still more unfortunate in his reference to the public works of Ohio, with a view to satisfy the people of Indiana, that ours were similarly situated, and would be equally productive;—we say unfortunate, because he will be presumed to be more familiar with the Ohio works, than those of Pennsylvania and New York; the more especially, if Charles Hammond, Editor of the Cincinnati Gazette be considered good authority. In his paper of June 25th, 1839, after publishing the facts in relation to their public debt, and the revenues of their public works, as obtained from the Auditor of State, in the conclusion of his remarks, he says:

"The interest upon the foreign debt of the

State must chiefly be paid by direct taxation. The public works, as a whole, promise little more than to keep themselves in repair and in motion. Seven hundred and fifty thousand dollars must be annually assessed and collected, to be paid out in interest. Even this sum may not be sufficient. Should not the true state of the case be made known to the citizens of the State? Let each land-holder understand that his farm is encumbered with a debt of interminable duration. It may be a means of stopping the mischief of incurring debt without stint or measure, for that seems to be a case in which public men cannot act in conformity with their own convictions of right. They feel the necessity of stronger restraint than their own discretion."

The committee on canals and internal improvements, are still more unfortunate in their reference to the lateral canals of New York, in saying (p. 4) that they are profitable. The lateral canals of New York are five in number, and in the aggregate 200 miles in length. The following table will show the deficiencies of the whole, to the same period, taken from the Comptroller's report, before referred to, p. 57 and 59.

"The sums drawn from the Treasury to make up deficiencies in the revenues of the lateral canals for the year ending 30th September, 1838, are as follows, viz:

Oswego canal	\$54,460.70
Cayuga and Seneca	15,517.62
Chenango	29,833.11
Crooked Lake	10,037.55
Chenango	136,042.97

The aggregate deficiencies of the lateral canals which have been paid from the Treasury since the completion of the canals, are as follows, viz:

Oswego	9 years \$226,316.19
Cayuga and Seneca	9 years 110,346.80
Chenango	6 years 190,513.99
Crooked Lake	5 years 62,223.54
Chenango	2 years 238,702.13

Total, \$818,187.65"

These are deficiencies over and above all the tolls and revenues collected upon these works from their completion to 30th September, 1838. Yet we are told, and the people have been assured again and again from high authority, that these very canals are productive in point of revenue; and by the engineer, in his report, as received, that "it will not be fair to compare those of Indiana with those of New York."

It will be seen, further, that the people have been assured by the Executive, and in official documents that New York commenced her public works upon her public credit, "and without means or inducements greater than ours." So far from this being the fact, the act that created a Board of Commissioners, and authorized them to commence the Erie and Champlain canals, set apart a fund for the payment of interest and principal, as is shown by the following extract from the report of the commissioners of canal fund, of Jan. 4th, 1837, p. 8.

"The auction and salt duties were transferred from the General Fund to the Canal Fund by the act of 1817, which provided for the commencement of our system of internal improvement; and during a period of nearly twenty years, these sources of revenue have yielded to that fund the sum of \$5,047,397.11, being \$392,626.41 more than the whole sum paid for interest from 1817 to the 30th September, 1838, on all the money borrowed for the construction of the Erie and Champlain canals."

This is still more clearly demonstrated in the following extract from the Albany Argus, published at the seat of Government of New York, June 27, 1820. In speaking of the disposition of the public to adventure largely into internal improvement, without counting the cost, the writer says,

"So far from having repaid its cost, had not the Erie canal received the benefit of the auction and salt duties—sources of revenue belonging to the people of the whole State—the debt for its construction would at this moment have been more than its whole cost, or more than \$8,000,000. In other words, the Erie canal, possessing advantages and yielding a revenue beyond any other canal in the world, has not yet, done any thing more than keep itself in repair, and pay the interest on what would have been its debt, if instead of using money belonging to the whole people, the means to construct the work had been borrowed. The debt has been provided for, not from the tolls of the canals, but from the general fund for that purpose, and, having accomplished that object, have been restored to that fund, and are now used for the ordinary expenses of the government."

There is another feature connected with the prosecution of the public works in Indiana, which distinguishes it from the course uniformly adopted by every other State in the Union, and which is perfectly irreconcileable with legislative duty. Since the passage of the bill of 1836, the committee on canals and internal improvements have never made and published a report; and this is the more strange, from the fact that up to that period, it was uniformly done. And it is believed by the committee that the first instance is to happen in any other State, having a system of internal improvement, in which it has been omitted at any one session. The legislature has been left to glean from the messages, and the reports of the board and engineers, the facts in relation to the manner in which the system has been prosecuted; while the people have been left without information. All has been omitted at any one session.

The committee find, and thus they leave the simple and unvarnished history of the Mammoth Bill, the system, its prosecution, its end, and its friends and authors. It sleeps, and, as a whole, long and undisturbed by its slumbers.

Indiana is in debt—her credit doubtful—her honor in danger—her people embarrassed with debts of their own, and the taxes heaped upon them. But this is no time to despair. Let every native and adopted citizen of Indiana double his industry, observe the most rigid economy in his expenses, and go to work with renewed and increased energy, full of hope and confidence, and in her fallen fortune, as a patriot, let him love her more, adhere more closely to her, and swear to her faith, her credit, and her honor shall be maintained, at every hazard. Let every Hoosier "pledge his life, his fortune, and his sacred honor," to stand by her in the hour of trial—to pay the interest on the bonds sold, for which we have realized the consideration, and like a good citizen and patriot, let each bear his burden with patience. But on the bonds sold, upon credit,

months it has been in operation, amount to \$8,470, and on the White Water canal \$620."

Upon the mind of a plain honest man, these statements, the one of Dec. 4, 1838, and the other of Dec. 3, 1839, could but leave the impression, that the 22 miles of the rail road were not only finished, but that the State had realized a net revenue from the tolls of \$9,470, the first year after its completion; and that the 31 miles of White Water canal were also finished as stated, and that to 3d Dec. 1839, the State had realized the sum of \$620. These statements are thrown upon the public in his Excellency's messages, while in accordance with the motto, he conceals the more important and thrilling facts in relation to these two works, that in the same period, while the State is said to have realized \$8,470 upon the one, and \$620 upon the other, it had paid out upon the rail road, within the time and upon the distance aforesaid, the sum of \$129,400, and upon the canal the sum of \$8,556, in all \$218,056. From this aggregate, deduct \$8,090, the amount of revenue reported to have been realized by the State, and we have a balance against the State, of \$209,966. This sum has to be taken from the pockets of the people by direct taxation to sustain 22 miles of rail road, and 31 miles of canal, the first year after their reported completion. These statements and these facts, by reference to two reports from the board of internal improvement, the one dated 16th, and the other 20th January, 1840, marked B and C, and appended to this report, are proved.

These are the results, which, in the language of his Excellency, are to ensure present and future generations against "being called upon in the way of taxation, to pay any portion of the monies borrowed for the construction of their public works." These are the tolls that were to enrich the State, and advance the prosperity and independence of the people. These are the revenues that were not only to pay the interest and refund the principal, but leave more than four millions in the treasury! This is the glorious system of internal improvement! These are the results of the bill, the very passage of which turned midnight darkness into noon-day splendor, accompanied with shouts of joy and gladness that made the "welkin ring."

This system, is so full of joy and sunshine, in its birth, so brief in its career, and so unfortunate and gloomy in its end, naturally suggests the inquiry, "How did it find the State and the people of Indiana?" To determine this question, it is only necessary to turn the mind back to 1835-'6 and '7, and read his Excellency's messages—to learn from official authority, that the people were in the full enjoyment of peace, independence, prosperity and happiness. The march of all was onward and upward. The State of Indiana was one inured plane—every avenue to emigration was full to overflowing—it poured in upon us like the streams from an hundred hills upon the valleys. To be a citizen of Indiana, was to be respected and honored at home and abroad. The credit of the State was sound and full, and as far from this being the fact, the act that created a Board of Commissioners, and authorized them to commence the Erie and Champlain canals, set apart a fund for the payment of interest and principal, as is shown by the following extract from the report of the commissioners of canal fund, of Jan. 4th, 1837, p. 8.

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This is still more clearly demonstrated in the following extract from the Albany Argus, published at the seat of Government of New York, June 27, 1820. In speaking of the disposition of the public to adventure largely into internal improvement, we should feel relieved of more than half its weight. This is not, nor can it be the case. The State debt is a mortgage upon all the landed property of the State, in the hands of its citizens, and both in their natures are abiding as time. If the present generation groans under the weight of taxation to pay the interest, we can readily perceive its effects upon the next, upon whom the principal must fall.

This is an "affliction of interminable duration," against which, no industry, no human prudence on the part of the individual, could guard. It is thrown against his will, upon his property, which he had fancied, would pass to his children unembarrassed.

Thus the committee find, and thus they leave the simple and unvarnished history of the Mammoth Bill, the system, its prosecution, its end, and its friends and authors. It sleeps, and, as a whole, long and undisturbed by its slumbers.

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