EASTON GAZETTE.

WHERE THE PRESS IS FREE—"Literature well or ill-conducted is the Great Engine by which RELIGION purifies the Heart and teaches us our Duty—Morality refines the Manners—And Popular States must ultimately be supported or overthrown— makes us Rich, and Politics provides for the enjoyment of all."

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GOVERNOR'S MESSAGE.

ANNUAL MESSAGE OF THE EXECUTIVE, TO THE GENERAL ASSEMBLY OF MARYLAND, DECEMBER SESSION, 1841.

Gentlemen of the Senate

and of the House of Delegates:

The nature and extent of our pecuniary embarrassments are so well understood that it is only necessary, at the present time, to notice the new aspect which they have assumed since the last session of the Legislature. The law, then passed for assessing and taxing the whole property of the State, was intended to provide a permanent revenue, of sufficient amount to pay the interest on the public debt punctually as it became due. But as it was known that some time must elapse, before the proceeds of the tax could be collected and paid into the treasury, the Commissioner of Loans was authorized to borrow five hundred thousand dollars, for the purpose of supplying the deficiency in the revenue for the present year. Loans were obtained (principally from the banks) to the amount of about four hundred thousand dollars, which enabled him to discharge the interest of the public debt on the first of July and the first of October; but it was found impossible to borrow a sufficient sum for the next quarterly payment; and I regret to say that the State is without the means of paying the interest which will become due on the first of January. It will be understood, however, both at home and abroad, that the Legislature, in laying a permanent tax for paying the interest of the public debt, and in authorizing a loan for supplying the temporary deficiency of the revenue, did all that was then in their power to comply with the obligations of the State. The assessment returns have not been received from all the counties, and the amount of taxable property in the State is not yet ascertained. It will probably fall short of the general estimate, and in that case a higher rate of taxation, than is provided for by the bill of the last session, will be required to meet the increasing demands on the treasury. The public debt is now fifteen millions two hundred and thirteen thousand dollars; of which about ten millions may be considered as bearing on the State. The subscription of three millions to the Baltimore and Ohio Rail Road Company, was paid in State bonds, which have not been sold, and are not yet chargeable with interest. The previous subscriptions that work, amounting to one million of dollars, have yielded a revenue more than sufficient to pay the interest on that portion of the public debt. The Baltimore and Susquehanna Railroad Company, having been compelled to apply its nett revenue to the payment of old debts, has been unable, till recently, to contribute any thing towards the relief of the treasury. But its profits are gradually increasing, and its debts are nearly extinguished. In September last, it paid seven thousand dollars to the Treasurer, and there is very little doubt that the future profits of the work will supply the means of paying a considerable portion of interest on that part of the debt which was contracted for its use. On the loan of one million of dollars to the Tide Water Canal Company, no part of the interest has been received since the first of last January.—The loans and subscriptions to the Chesapeake and Ohio Canal Company, amounting to more than $7,000,000, have been the principal cause of the heavy embarrassments in which the State is now involved; and until that work is completed to Cumberland, the interest on the whole investment will continue to be a charge on the treasury. While it is therefore of the utmost importance to finish the canal, it is evident that we have not the means of providing funds for that purpose. It would be unavailing to attempt to borrow money, a present, on the credit of the State, or to force out a new issue of bonds, when those which have already been offered for sale are rejected in every market.

Reports have been received from the Baltimore and Ohio Railroad Company, the Baltimore and Susquehanna Railroad Company, and the Annapolis and Elk Ridge Railroad Company; also from the Directors of the Penitentiary, the Commissioners of Lotteries, and the Topographical Engineer; all of which will be submitted in the course of the present week.

The law, which provides for placing indigent deaf and dumb children at the Pennsylvania Institution, makes it the duty of the executive to report to the Legislature the number of pupils sent from this State, and the amount expended in their education. That provision of the law escaped my attention, till it was too late to comply with it at the last session.—A statement is now given, which embraces the whole period from the passage of the law to the present time.

The whole number of pupils has been forty-four—of these thirty-two have been discharged, leaving 12 at the institution who have not gone through their regular course. The amount of money expended in their support and education, from the year 1829 to the 1st of the present month, is twenty-eight thousand and ninety-three dollars.

Eight pupils have been sent to the Institution for instructing the blind, and the amount expended for their support, from the 1st of December, 1839, to the present time, is two thousand nine hundred and seventy four dollars. None of these pupils have been discharged.

By a resolution of the last session, the executive was required to purchase the title of John J Myer to the lot on which the State Tobacco Warehouses, Nos. 2 and 3, are erected. Mr. Myer was prevented from acceding to the terms proposed in the resolution, by the refusal of his wife to relinquish her right of dower Since his death, which recently occurred, it has been ascertained that his representatives are unwilling to part with their title.

At December session, 1835, a resolution was passed, directing the Governor to procure a sword, and present it in the name of the State, to Captain JOHN A. WEBSTER, for his gallant defence of the battery committed to his charge, during the attack upon the city of Baltimore in September, 1814.

My attention was called to this resolution last winter, and I was then under the impression that it might be carried into effect without any further action of the Legislature. But when I came to consider that the resolution had been adopted several years before the commencement of my official term, and that I was ignorant of the reasons which prevented my predecessor from complying with it, I was doubtful of the propriety of procuring the sword before a specific appropriation was made for that purpose. I have brought this subject to the notice of the Legislature, that they may give some new authority or direction for carrying the resolution into effect.

Some time in the month of April, 1840 a murder was committed in Frederick county, by Frederick Fritz, alias Jacob Brucker, who was tried at the following April term of Carroll County Court, convicted and sentenced to be hung. A warrant was signed for his execution, but as a number of respectable persons suggested doubts of his being in his right mind, a respite was granted, to give an opportunity of collecting information respecting his previous history, which, it appeared, had not been made the subject of investigation at his trial.—Numerous communications and depositions were received, setting forth the particulars of his conduct and behaviour, which showed, if they were correctly stated, that he had been subject to fits of insanity for many years, and that he was perfectly deranged when he was last seen in the city of Washington, a few days before the commission of the murder. On the other hand, respectable and intelligent citizens of Westminster, who had opportunities of seeing and conversing with him, formed the opinion that he was in full possession of his reason, and was subject to no disorder of mind, except that which was occasionally produced by a violent and ungovernable temper. The reasons, however, which they gave for that opinion, did not appear to be inconsistent with the accounts of his previous insanity; and after consulting with Judge Brewer, who sat upon his trial, and who thought a further investigation ought to be made, for the purpose of ascertaining the condition of his mind, I was led to believe that the ends of justice would be best answered by not ordering his execution. At the same time I was unwilling to commute or mitigate his punishment, without having satisfactory proof that he was actually insane at the time the offence was committed. Not having the power to appoint commissioners for the purpose of investigating the facts, it appeared to be the best course to wait till the Legislature met, and to suggest, as I now respectfully do, the propriety of authorizing the Court of Carrol County to examine witnesses, at its next term, with the view of ascertaining the state of the prisoner's mind.

The banks of this State have persisted so long in refusing to redeem their notes, that there is no reason to expect that they will return of their own accord to the path marked out to them by their charters. It is now a question for the Legislature to determine, how much longer they are to be permitted to disregard the laws of the State and the rights of the community.

The opinion may still be entertained that the State banks can never be properly regulated without the aid of a National Bank, and that as their present condition is attributable to the want of such an institution, no remedy can be provided by State legislation. A reference to the banking system of England will show how far a great monied institution connected with the Government, has had the effect of limiting the number, or regulating the issues of local and private banks.

Country banks began to spring up in every part of England immediately after the war of the Revolution, and continued to increase till the year 1792, when a redundant currency and a general spirit of speculation and overtrading, produced a violent reaction, and consequently "an extent of misery and bankruptcy which until then had never been known in that country." Three hundred and fifty banks had been in full operation; and of this number, one hundred stopped payment, and upwards of fifty were entirely destroyed.

In 1797 another crisis occurred. In the latter part of the previous year, heavy demands were made on the country banks; and some of these failing, all confidence was at an end, and the Bank of England was reduced to so great an extremity as to be compelled to suspend specie payments, which were not resumed till the year 1819.

In 1816, and the two previous years, two hundred and forty country banks stopped payment, of which number, eighty nine entirely failed. One pound notes were then in circulation, and, to use the words of the writer from whom these statements are taken, "the failures that then occurred affected the industrious classes, swallowing up in an instant the fruits of a long life of laborious exertion."

In 1823, confidence had revived, and the banks began, as usual, to enlarge their issues; and in the two following years, the amount of their paper in circulation was increased nearly fifty per cent.—Speculation, overtrading and extravagance immediately ensued, which, in the year 1825, terminated in another scene of distress, bankruptcy and ruin.

Nothing is more common than to ascribe public embarrassments to some other cause than the real one, and consequently to provide remedies, which frequently aggravate the evil. Prior to the explosion in 1825, a bank partnership could not consist of more than six persons; and it was supposed that the mischiefs of the banking system were caused in a great measure by that regulation.—Accordingly, joint stock companies were established, without any limitation as to the number of partners. Three of these companies commenced operations in the year 1826; in 1835, the number had increased to fifty six; 1836, forty-five new companies were formed; and many of these having numerous branches, it was computed that two hundred joint stock banks were established in that year. They immediately commenced the work of adding to a paper currency already redundant, and continued to increase their issues till late in December, 1836; when the credit system, having been strained to its utmost limits, suddenly gave way, and a change from artificial prosperity to real distress, such as invariably attends the excessive use of paper money, immediately took place in every part of England.

This sketch of the English banking system shows, that the Bank of England, for half a century past, whether in time of peace or war, or during the continuance of specie payments or a general suspension, has been unable to control joint stock or private banks, or to regulate their issues, or even to protect itself from the effect of their mismanagement. It is, therefore, difficult to conceive, how the banking system of the United States, pushed as it generally is to the verge of bankruptcy, can be regulated by a national bank, or a fiscal corporation. There can be very little doubt, however, that the banks of every State may be controlled by the authority from which they derive their charters.

Whether the banks of this State ever intend to redeem their notes is altogether uncertain; though there has been occasionally a rumor that they were ready to resume, whenever a similar movement was made by the banks of Pennsylvania, Virginia and the West—But to make resumption in Maryland dependent on the course pursued elsewhere, is to postpone it to an indefinite period—If the Banks of each State were permitted to act as they pleased, till those of other States chose to comply with their obligations, the consequence might be, that instead of encouraging each other to resume, they would enter into a general combination to prevent it.

It has been frequently remarked, that the people, owe the banks, and the banks owe the people; and that if the first will pay, the latter will do the same.—Individuals, and not the people, are indebted to the banks, and are often accommodated and indulged at the expense of the whole community. The great mass of the people, especially in the country, do not apply for bank loans, and could not obtain them if they did; but they all have an interest in the value of the paper which is daily passing through their hands. The reason generally assigned by the banks for not resuming, is, that it cannot be done without serious injury to the community. Individuals might give the same reason for not paying their debts—that is, they could not collect the money which they had loaned out, without putting their debtors to inconvenience. This excuse might be urged at all times, and if sufficient, would justify a perpetual suspension. It has also been urged, as a reason for not resuming, that the exchanges are so much in favor of the eastern cities. Baltimore notes are at a discount of three or four per cent. [illegible] because they are not [illegible] is not the rate of [illegible] the two cities, but a [illegible] between the paper of [illegible]nks. And it is hardly [illegible] that the depreciation [illegible]r banks, having been [illegible]refusal to redeem it, [illegible]ged as a reason for [illegible]pension.

[illegible]at the banks of this [illegible]ifficult to redeem their [illegible]y are not permitted, [illegible] York, to issue notes [illegible]ation than five dollars; [illegible] to comply with their [illegible]ed as a reason for ex[illegible]ileges. They would [illegible]uction of the small notes, [illegible] loss of the public, and [illegible]dvantage they could [illegible] issue. If an inferior [illegible]already banished spe[illegible]ion, the banks might [illegible]ing it from the pock[illegible]le by means of their [illegible] But if they kept it in [illegible] would gain nothing by [illegible]d if they parted with it [illegible]would be increased in pro[illegible]mount of their new issues. The [illegible]mission would be increas[illegible]further proportion; because [illegible]es would pass into the [illegible]er number of that class of [illegible]r most from such issues, [illegible] reason, are more likely [illegible] upon the banks.

[illegible]owever, that the privilege [illegible] bills might be conveni[illegible]; the proper enquiry is, [illegible] be of any advantage to [illegible] The people are already [illegible]otes, and that is their [illegible] for wishing a resumption [illegible]te. They wish to bring [illegible]s much silver coin as [illegible]nge, and for the small [illegible]yments which cannot be [illegible]le without it. But pe[illegible]e same denominations [illegible]e together; and it is in [illegible] material benefit from [illegible]ecie payments, while [illegible]ndividuals are permit[illegible]irculate every descrip[illegible]es.—To restore the cur[illegible]ncy to its proper condition [illegible] compel the banks to [illegible]

[illegible] of adding to their present liabilities, it would be immediately suspected, that they were in a state of insolvency; and their own notes, instead of being at a discount of three or four per cent. would probably sink to the level of the Rail Road currency. It is contended, that the proposed arrangement, if carried into effect, would furnish the banks with the means of resuming specie payments, and give them the benefit of circulating the Rail Road certificates. The orders, however, if made equal in value to bank paper, would no longer supply the place of five and ten dollar bills; only a small portion of them would be required for change, and the rest would be returned to the banks. Whether they were kept in circulation or not, the liabilities of the banks would be increased in proportion to the amount assumed, while their additional means of meeting them would consist of unavailable stock. If the adoption of the Rail Road orders would enable the banks to resume, it would at the same time prevent the people from deriving any benefit from specie payments. They want a real resumption, that will bring specie into circulation;—not a nominal and deceptive one, that will enable the banks to evade their obligations.

The Rail Road orders were issued and [illegible] for circulation; and to get rid of the Railroad orders, which the people are daily receiving in exchange for their property and labor.

These orders are fast reaching the point of depression, at which they will cease to be a currency, and it has been proposed to raise their value, throwing upon the banks the responsibility of redeeming them. It is well to consider, whether the bank have a right to adopt the issues of the Rail Road Company, and what would be the effect of such an arrangement on the general currency of the State. They were authorised, by the act of last session, to receive and pay out these orders, which they could not previously do without violating the laws.—But they were not authorised to adopt them as their own currency, or to become answerable for their redemption, or to make good the losses which might be sustained by their depreciation. If they have a right to use their funds in this manner for the purpose of raising the value of the Rail Road orders, they have equal authority to enter into an arrangement with the city of Philadelphia for redeeming the notes of the United States Bank.

But the banks could not assume the payment of the Rail Road orders, if they had a right to do it, without injuring their own credit, and increasing the difficulty of resuming specie payments. They are now unable or unwilling to redeem their own paper, reduced as it is in amount; and if they were to assume the payment of a million and a half of dollars in addition to their present liabilities, it would be immediately suspected, that they were in a state of insolvency; and their own notes, instead of being at a discount of three or four per cent. would probably sink to the level of the Rail Road currency. It is contended, that the proposed arrangement, if carried into effect, would furnish the banks with the means of resuming specie payments, and give them the benefit of circulating the Rail Road certificates. The orders, however, if made equal in value to bank paper, would no longer supply the place of five and ten dollar bills; only a small portion of them would be required for change, and the rest would be returned to the banks. Whether they were kept in circulation or not, the liabilities of the banks would be increased in proportion to the amount assumed, while their additional means of meeting them would consist of unavailable stock. If the adoption of the Rail Road orders would enable the banks to resume, it would at the same time prevent the people from deriving any benefit from specie payments. They want a real resumption, that will bring specie into circulation;—not a nominal and deceptive one, that will enable the banks to evade their obligations.

The Rail Road orders were issued and received without the slightest expectations that the banks would ever be required to redeem them. The Rail Road Company entered into contracts, in July, 1839, for the extension of their work from Harper's Ferry to Cumberland. They had previously consented to receive city stock to the amount of three millions of dollars, which sum the city of Baltimore had subscribed for the construction of that part of the road. But as the stock could not be sold without considerable loss, the plan was devised of making it the basis of a paper currency; which, it was said, would afford important advantages to the public, as well as the most undoubted security to the holders. This scheme has enabled the Rail Road Company to dispose of city stock, to the amount of one million five hundred thousand dollars, at its par value; and to transfer to the holders of their certificates the risk and loss, which they were not willing to encounter themselves, of selling it in the market.

The city of Baltimore and the Railroad Company have had all the benefit of the stock orders; the first, in saving the interest on an equal amount of stock; and the last, in obtaining the means of prosecuting their work. On the other hand, the banks were embarrassed by the measures that relieved the Railroad Company. In 1839, they advanced five hundred thousand dollars on account of the city subscription, because they were informed, that, without a loan to that amount, the commencement of the road beyond Harper's Ferry, would be postponed; they have since had a large portion of their own paper displaced and their profits diminished by the circulation of the Railroad orders; and now they are expected to repair the loss, which the depreciation of these orders has occasioned to the public.

The banks are not in a condition to perform any act of supererrogation. They ought to be compelled, promptly and unconditionally, to redeem their own paper, meet their own liabilities, and comply with all the conditions of their charters; but it would seem to be unreasonable and unjust to make them answerable for the acts of other corporations, or for the redemption of any other paper than their own.

A further modification of the tariff, with a view to the protection of particu[illegible] has been made the subject [illegible] with so much earnestness, that I have been induced to submit a few observations, respecting the probable effect of such a policy upon the interests of the agricultural States.

The advocates of this policy complain of the heavy burdens, imposed by other nations on our flour, grain and tobacco; and insist, as a proper measure of retaliation, that high duties should be laid upon such foreign articles as come in competition with our domestic manufactures. It is thus proposed to compensate the agricultural States, for the restrictions imposed on the sale and consumption of their produce, by subjecting them to new burdens at home for the benefit of other sections of the union. It can hardly be expected that increased duties at home will cause a reduction of duties in other countries, and it is well to consider the value of our present markets, before we incur the risk of making them worse.—Great Britain, in pursuance of her own policy, which has been introduced into the country as the true American system, restricts the importation of breadstuffs with the view of protecting her agricultural interest. Her restrictions on our exports are not greater than ours have frequently been upon her manufactures; and we have no reason to complain, as long as she admits our products on the same conditions that are imposed on those of other countries. In times of scarcity she admits our flour and grain, on the payment of merely nominal duties; and it must be recollected that her corn laws do not extend to her colonial possessions; which furnish extensive markets, not only for our agricultural produce but also for our manufactures. In the year, ending the last of September, 1840, the domestic exports from the United States to Great Britain and her dominions, exceeded sixty four millions of dollars. In that amount the following agricultural productions are included:

1,717,019 bu. of wheat, valued at	$1,630,371
1,317,229 barrels of flour	6,925,637
396,611 bushels of corn	229,807
132,099 barrels corn meal	446,464
49,193 barrels of rye flour	156,913
Rye, oats, peas, and beans	76,604
74,876 bbls. of ship bread / 15,466 kegs do	292,107
33,122 hogsheads tobacco	3,776,770
495,360,332 lbs. of cotton	41,983,922
24,039 tierces of rice	418,677
	42,402,499
	$56,937,232

The remainder of the sixty four millions is made up of the productions of the forest and sea, and of various articles of domestic manufactures, such as hats, saddlery, coaches and other carriages, boots and shoes and household furniture. The manufactures of iron, and of iron and steel, amounted to nearly one hundred thousand dollars; and hence it may be seen how materially this branch of domestic industry depends on the admission of foreign iron at a low rate of duty.

While our domestic exports to Great Britain and her dominions exceeded sixty four millions, our imports fell short of forty millions. The domestic exports to the rest of the world amounted to less than fifty millions, and our imports to sixty eight millions; and of the amount imported, six millions were exported to the British dominions. Our exports and imports, of course, vary from year to year, but the statement now given will show, that our trade with England is of the utmost importance to the whole Union, and especially to the agricultural States. It will show too, that if we give encouragement to foreign industry, by purchasing British manufactures, Great Britain gives encouragement to that immense amount of American industry, which is employed in the production and transportation of the cotton, tobacco, flour, grain, and other articles which she receives in return.

It may be supposed that Great Britain will receive an equal amount of American produce, whether we increase the duties on her manufactures, or leave them at the present rate. To accomplish the purposes of the American system, it will be necessary to regulate the tariff in such a manner as to exclude, or materially diminish, the importation of foreign manufactures, and give our own the benefit of the home market. Great Britain would then perceive that her export trade to this country was of very little value; and might be induced to give a preference to other nations, and exclude our breadstuffs from her markets. She could not procure an immediate supply of tobacco from other countries; but, by means of discriminating duties, she might encourage the cultivation of it in every climate adapted to its growth. Admitting however, that a protective tariff would not diminish, our exports, or deprive us of our present markets, the question arises, whether it would not operate as a tax upon American industry, and as a discouragement to the various pursuits in which the nine tenths of the people are now engaged, and which they think they have a right to follow without interruption from the government. It is impossible to state, in a message, all the objections that might be fairly urged against the protective system; and my ob[illegible] [illegible] [illegible] [illegible] as are not produced in sufficient abundance to supply the home demand, and which, of course, are not sent to foreign markets. Such articles, as not only supply the home market, but are sent to other countries for sale, can receive no protection from duties and restrictions. In England the landed interest is protected by this system, because the quantity of grain is not sufficient for the wants of the English people. The British manufactures receive no encouragement from it, because they more than supply the home market, and are exported to other countries. The only protection they can receive is from bounties, and from free admission of the foreign materials of which they are made.

But those who are engaged in manufactures, commerce and trade, and all who are consumers and not producers of bread stuffs in that country, are subject to a heavy expense and a consequent diminution of their profits, for the purpose of protecting the landed interest; and they are compelled to pay an advanced price, not only on the grain production in England, but on that which is received from other countries.

In this country, the amount of agricultural produce is much greater than will supply the home demand, and the surplus is sent abroad to contend for the markets of the world. The productions, whether of the land or sea, or of domestic manufactures, or mechanical labor, which are exported to foreign markets, require no protection, and can receive none, from a system of duties and restrictions. But all who are employed in producing the various articles, which now supply the export demand, would lose a part of their profits by being compelled to pay higher prices for whatever they are obliged to use or consume; and their capital and industry would be taxed and discouraged for the purpose of ensuring greater profits to those who have thought proper to engage in other pursuits

The protective policy diminishes the value of land in two ways, first by lessening the profits of cultivation, and secondly by diverting capital from agricultural investments.

It reduces the value of labor, by taxing the means of subsistence; and diminishes the amount of goods consumed, without lessening the amount of money paid for them by the consumers.

It encourages smuggling, increases the number of revenue officers, and multiplies crimes and punishments.

The protective policy, in this country, operates unequally on different interests and on different sections of the country; and falls more heavily on the business of the country than of the towns.

It shackles the commerce of the United States, and operates as a bounty on the trade of the neighboring British provinces.

It caused a sudden extension of the manufacturing business, beyond the ex-

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