INDIAN STATE SENTINEL.

WAR UPON THE CONSTITUTION.

The following excellent article, from the Charleston Mercury, is worthy of the attention of the people—honest Whigs as well as Democrats:—

The veto power is altogether conservative, and its whole weight is in the popular scale. Its exercise is abstinence, not usurpation. 'The world is governed too much,' and the veto power is a wholesome check. If ever it be injudiciously exercised in the defeat of a wise measure, the evil would be only negative and temporary, whereas the chances are that in nine cases out of ten it arrests positive misgovernment and evils which once suffered, would be incurable. It is the interest of a President, ambitious of re-election, to conciliate, not oppose the people, and when, as is done by the Whig party, a President is charged with having vetoed in order to promote his re-election, it is an admission of the probability, to say the least, that he has acted in accordance with the popular will.

But we will ask, is there more tyranny in legislating or declining to legislate, more usurpation in exercising power or foregoing its exercise, more danger from moderation than from intemperance? Does a member of Congress use more power in voting no than in voting *aye*? We think not, and if we are right the President does not exercise more power in refusing to sign than in signing a Bill. Nor does he exercise as dangerous a power, for where the propriety of acting is doubtful, it is always wiser to forbear action. And if in the exercise of that portion of legislative discretion wherewith he is constitutionally invested, a President yields to the strong temptation of joining with his party to assume a doubtful power, he is surely much more guilty of presumption and usurpation, than if, as a faithful guardian of the people's rights, he withstands the wishes of his own party, and incurs their resentment by refusing to join in legislation where there is even a risk of violating the charter he is sworn to defend.

In signing or refusing Bills, the President represents the Union, and obeys the will of the Union. Where is he to look for that will? In the vote of a dominant party engrossed with the desire to extend its power as a party, and in fact *confessing that its ascendancy as a party is its paramount consideration;* a party refusing to deliberate in the national councils, and converting Congress into a mere passive instrument for registering the decrees of a caucus which is governed by a Dictator? Certainly not, especially where the Bill has been carried by a bare majority, by the dodging of some of the Senators, and the notorious misrepresentation of their States by others. Where is he to look for the will of the Union? Always and first in the authentic, undoubted expression made of that will in the fundamental law of the Union—the Constitution. As long as that remains unchanged, according to the forms agreed and prescribed, it is the *abiding will of the people.* He has been selected from his presumed ability to understand it, and he must maintain it as he understands it, against the will of faction, and against the contrary interpretation of other departments of the Government, whether legislative or judicial, and if he refuse to do so, and prefers the more easy and cowardly course of joining a multitude to do evil, with a divided responsibility he deserts his post, betrays his trust and breaks his oath. He is no more bound by the decision of a Legislature or of the Judiciary, than they are respectfully bound by his decision, or that of one another—on any constitutional point. If his decision be clearly wrong there is no danger of its not being constitutionally reversed—by the legislative vote required by the Constitution. If the Constitution is wrong, and the people wish to change it—let them change it in the mode they have prescribed themselves for its amendment—but let no *party* change it—let no mere majority in Congress change it—let the veto always be interposed to prevent such usurpation by party of the control which the Union alone possesses over its fundamental law.

Let the same ground be taken against the assaults organizing by the Clay men against other provisions of the Constitution—against *the appointing power—against the Executive custody of the Treasury, and the responsibility of the Secretary of the Treasury to the President—and against Presidential re-eligibility*—(the one term doctrine.) All of these proposed changes are urged by the Clay men as party measures—and they are every one of them aimed against popular rights, and intended to secure a permanent ascendancy to the party who, for the time being, commands a majority in Congress. They are to sweep all obstructions from the path of legislative tyranny—and enable the faction which has obtained possession of the Legislature to make Presidents, and perpetuate its dominion by drawing within its control all the powers of the government.

Their talk of the *will of the nation* is all hypocrisy. It is the will of the Bank and Clay party which they are for enforcing, and enforcing against the people. It was because they feared the people that they hurried their Bank. It was because they know that the people will sustain the veto, that the veto has enraged them. It has disarmed them of an organ of corruption and left them to encounter fairly the unbiassed judgment of the people.

On the same ground do they advocate the *one term principle.* It was to secure the succession to their party. Harrison was bound to give place to Clay and had Tyler fallen in with that arrangement, here had been no explosion. Those who burnt incense to him most fulsomely four months ago, would not now have been villifying him, and trying to prove that they were either very ignorant or very unprincipled in their recent support of such a man. It is the will of a party against the nation that they seek alike in assailing the veto power and in proposing the one term limitation. A President limited to one term has nothing to expect from the people, and will consult his own ease and party feeling by subserviency to the politicians who elevated him. A President re-eligible will pay deference to the popular will and prefer it to the dictation of political aspirants. He will have every motive to exercise his veto and his appointing powers, all his powers, in accordance with the will of the nation. Hence the whole scheme of the Clay and Bank Whigs is to take from the people's president the powers which the Constitution gives, and to engross all in the hands of a party tyrannizing through a legislative majority, and so arranging everything as to make the laws and the President, not of the people, but of a party, destroying the balance of power, and grasping all in the hands of an oligarchy.

It is a mad policy. Once unmasked it is discomfitted. A party which openly arrays itself against the Constitution of the country, declares war upon the people, and finds the people too strong for them. The people believe their rights secured by the Constitution, and they feel that they must be more safe with the politicians who hold the Constitution sacred than with those who having long endeavored to evade its prohibitions, now openly arm against the charter itself.

"Resolved to ruin or to rule the State," they have unfolded the banner of revolution. The people must be on the side of Democracy, for with us they are unwilling to demolish the work of our fathers, to destroy the old land marks, and abandon the system under which the Union has grown great. They will oppose those who seek power through *change*—and prefer *the Democratic policy of moderation.* The truly conservative policy of carefully keeping within the limits of the charter, has marked the Democratic Administration—the constitutionality of not one of the leading measures of which could ever be disputed—while every leading measure of the Whigs has been opposed on constitutional grounds—and they have at length arrayed themselves as a party against the Constitution itself.

DEVOTED WOMAN.—The mate of the schooner Crusader, (an account of the wreck of which vessel on Squam Bar, we published a few days since,) says the Gloucester Telegraph, sustained in his arms, in the rigging, his wife until she perished—a period of eight or ten hours. She frequently urged her husband to let her drop into the ocean, as, she said, she was satisfied both could not survive, situated as they were, and it were better for him not to risk his own life in an endeavor to preserve her's.

NOLLE PROS.—In the Criminal Court, Washington city, at the request of the President of the United States, with the assent of the Court, in the case of the prosecution against the individuals indicted for a breach of the peace near the President's House, and an attempt to insult the Chief Magistrate of the United States, on the night of the first veto.

☞We publish below the correspondence of Maj. Whitcomb and General Howard with the democratic citizens of Tippecanoe county. The reason these letters were not sooner published was, that the democratic paper published in Lafayette had been temporarily suspended and was not resuscitated until the 25th. Nov.

Mr. Whitcomb's prediction in his first letter, that the democratic victories in Indiana, Maine and Vermont were forerunners of the numerous triumphs that have subsequently happened, has been fully verified.

From the Lafayette Advertiser, Nov. 25.

☞The following is the correspondence between a portion of the democratic citizens of our county, and the Hon. JAMES WHITCOMB, while at this place, on his way home from Washington city:

LAFAYETTE, IA., September 21st, 1841.

HON. JAMES WHITCOMB:—

Dear Sir: The undersigned, democratic citizens of Tippecanoe county, having learned with great pleasure that you arrived in our town last evening, on your way from Washington city to your future home, take this method, in behalf of the democratic party, to tender you a most hearty and cordial welcome to the State in which you long resided, and in which you have rendered so many signal and distinguished public services, both as a statesman in the councils of the State, and as a friend and member of the great democratic family.

Although we are proud to greet you as again making one among us, we view with *abhorrence* the principles of a party which, in violation of every solemn pledge, has removed you from an office at the seat of Government, which you filled with so much honor to yourself, and distinguished service to your country. We will further state that it is the general wish of your friends that you shall address the people of this county at some time which will best suit your convenience, before you leave our town. Very respectfully, &c., &c.

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LAFAYETTE, Sept. 22d, 1841.

GENTLEMEN:—I received late last evening your communication of yesterday, giving me a cordial welcome on my return to our State, after an absence of several years in the public service. Such a welcome from my fellow-citizens, under any circumstances, would be received by me with the deepest sensibility, but coupled as it is with your friendly and partial estimate of my humble services in the councils of the State and under the General Government, I am at a loss for words of adequate acknowledgment.

If in the course of my public life, I have done any thing worthy of your regard, its performance, next to the sanctions of my own conscience, has been stimulated mainly by the hope of securing the approbation of my fellow-citizens—an approbation which is rarely withheld from any one, however humble his qualifications, who honestly, and in good faith endeavors to discharge his duty in accordance with the public will and the public interest. Believe me, gentlemen, this, and other flattering evidences of approval which I have received since I came into the State, are more than a recompense for all my exertions.

It is obvious that the recent elevation of the present party in power, was principally brought about by the strongest professions of attachment to the interests of the people, by a studied concealment of ulterior purposes, and by a general and systematic misrepresentation of the principles, the conduct, and the designs of the democratic party. That they were conscious that the *principles* of our party were the most acceptable to the people, is manifest from the implied compliment they bestowed, in their endeavor to usurp our *name* and wear our garb. By these means, doubtless, many of the honest and unsuspecting, judging of the designs of their leaders by their own pure motives, were deceived into their own temporary support. But with characteristic contempt for the intelligence of the people, on their accession to power, they have not only unveiled their real objects, but they have scarcely deemed the repeated violation of their most solemn pledges worthy of even an apology. Witness their creation of a large National Debt; their effort to create another National Bank at the very closing scene of the disgraceful failure of the last; the attempt to increase the tariff upon articles of prime necessity; their signal failure to restore "better times;" without mentioning other measures, that as fully stamp their professions and their practice as inconsistent.

The cardinal principle of my political creed—an abiding confidence in the virtue and intelligence of the people—remains unshaken. When deception becomes manifest, its author must expect rebuke from an indignant constituency. And the natural consequences are even now seen. The "bow of promise" already spans our political horizon. The recent brilliant victory in Maine, and the great reactions in our own State and in Vermont, are, I confidently trust, but the precursors of further triumphs of the democracy.

I have been especially gratified to witness the firm and unflinching spirit, based upon an inbred and conscientious attachment to principle, of *all* our political friends whom I have had the pleasure to meet since I touched the borders of our State. Let us continue to cherish the spirit, and by avoiding, as heretofore, all petty dissensions, mere personal ambition, move on in one unbroken phalanx, animated alone by correct principle and the love of liberty. For myself, I beg leave to add that the high and distinguished marks of confidence with which I have already been honored, are far beyond the value of my humble services, and impose upon me, as I conceive, the duty of endeavoring to repay in some degree the debt of gratitude I owe, by my continued and disinterested exertions in the cause of truth, as a private citizen. If we stand firmly at our posts—if we are true to our noble cause—if we are true to ourselves, the victory must be ours.

I cannot let the occasion pass without congratulating you on the late gratifying intelligence, that the second attempt made during the late session of Congress, to establish in this free country, an overshadowing, irresponsible and despotic National Bank, under a delusive name, has failed, and that too, upon grounds that justify the hope that that blighting curse will be spared the country, at least during the present executive term, *under any institutions form, however specious or plausible.*

I regret that the state of my private affairs at home, which have been much neglected during my long absence, requires my earliest personal attention and will necessarily deprive me of the pleasure of complying with the request of my friends that I should address them before leaving this place. It is my expectation, however, as soon as my private business will permit, to visit your town again, and it will afford me much pleasure to comply with their wishes.

Hoping that the importance of the topics which I have touched upon, will plead my apology for the digressions, and with my best wishes for your prosperity, individually and collectively,

I am, gentlemen,
With great regard,
Your ob't serv't,
JAS. WHITCOMB.

Messrs. James White, L. B. Stockton, Dr. Jas. Davis, and others, Democratic citizens of Tippecanoe county, Ia.

☞The following letters from Hons. JAMES WHITCOMB, and T. A. HOWARD, were received in reply to invitations from some of our citizens to attend the celebration held on the 11th instant, copies of which have not been furnished us:

TERRE HAUTE, Nov. 8th, 1841.

GENTLEMEN:—Absence on professional business has prevented an earlier reply to your kind letter of the 1st inst., in which I am honored with a request, on behalf of the democratic citizens of Tippecanoe county, that I should attend the celebration in your town, on the 11th inst., to commemorate the recent triumphs of the friends of equal rights, as exhibited in the late State elections.

It was with great regret that I felt constrained to deny myself the pleasure of acceding to the request of my democratic friends in your county, that I should address them on a former occasion, as made known in their invitation to me of the 21st of September last, for the reasons mentioned in my reply. That circumstance, and the numerous additional causes of congratulation that have since occurred, greatly increase the regret I now feel in being once more compelled to forego the pleasure of being in your midst, and of extending my acquaintance among my fellow-citizens in your vicinity. But as the day fixed for the celebration, unfortunately falls in the middle of the first week of the Circuit Court, now in session at this place, and at which numerous existing engagements demand my personal attention, I trust that my fellow-citizens in attendance will discover a sufficient apology for my non-compliance with their wishes, the more especially, as this failure is to me a far greater disappointment than either of them can experience.

In relation to the high and responsible office with which you have generously connected my name, I cannot fully express my profound sense of the obligation conferred, the recollection of which can only cease with my life. There are others, however, whose talents and qualifications merit the fullest confidence, and whose more recent and intimate acquaintance with the domestic affairs of our State, now demanding the most serious attention of every citizen, point them out as better fitted for that exalted station. I feel that I have already received distinguished testimonials of the confidence of a generous public, far beyond my humble deserts. And wherever my lot may be cast, it will be equally my pride and my duty to toil with redoubled zeal in the sacred cause of sound principles.

I rejoice to see the spirit which animates you, and which, if kept alive through the present crisis, as I feel assured it will be, must end in triumphant success.

I am, gentlemen, with great regard, your obliged friend and fellow-citizen, JAS. WHITCOMB.

Messrs. James Davis, John Pettit, and others.

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ROCKVILLE, 12th, Nov., 1841.

GENTLEMEN:—On this morning I took from the post office your letter of the first of this month, inviting me to attend the celebration of the recent successes of the democrats in different parts of the Union, by our friends in Tippecanoe, on the 11th instant. I have been absent for some days, at the Vigo Circuit Court, from whence I only returned on last night, which may account for my not receiving your letter earlier.

No man can feel more gratification than myself, in view of the result of the elections throughout the Union, during the present year; and I confess that no feature in the controversy has afforded, in my judgment, more rational ground for congratulation than this—*that the contest has been a quiet and dispassionate one, favorable to calm and deliberate inquiry.*

Gentlemen, I have no labored response to make to your kind letter. Contented with my condition—happy in my private and political relations—regarding you as my personal friends, I avail myself of this occasion, to renew to each of you, the expression of that kind regard, which I have so many reasons, furnished by the past, for entertaining towards you. You will oblige me by making known to our friends of Tippecanoe the reason why I was not present with them at their celebration.

I am, very truly, your friend,
T. A. HOWARD.

Messrs. James Davis, John Pettit, and others.

SAUL AMONG THE PROPHETS.

The following from the Northern Indianian, says the Fort Wayne Sentinel, embraces the opinions of two of the principal whig papers in Northern Indiana. It would be horrible indeed if a democratic paper should say this much of the State Bank of Indiana. "*Why the rascally, agrarian, Fanny Wright, radical locofoco should be burnt in effigy for attacking the banks in this manner.*"

"RESUME OR WIND UP."

This is fast becoming the tone of the Press of both parties throughout Indiana, in relation to our State Bank and Branches. The "Indianian" has already advanced its opinions in respect to the peculiar attitude which the State Bank has assumed, therefore it will not be necessary to recapitulate. We once took pride in defending this institution from what we considered the attacks of political speculators; but we are convinced she has proved herself unworthy of defence, and must stand or fall upon the premises she has assumed, unwarrantable and dishonest as they are. We believe she will be met by the indignation of the North at least, and such a one too, she richly deserves from all parts of the State. We quote the following from the last "Michigan City Gazette," and endorse its sentiments to the letter. Brother Stuart has the independence of a man; whenever we find such an editor we love him.

"Under the above caption last week, we presented our readers with a few remarks in order to show that we *were* and *are* opposed to *legalized suspensions*, or in fact suspensions of any kind in the system of Banking. How far we are right we leave for the people to declare; but of one thing be assured we are independent, and shall speak and write regardless alike of frowns and smiles. We take the broad ground that a *legalized suspension is a curse to any people;* and the sooner we can get rid of it the better. The public mind we believe is fast getting right on this subject. They see no difference between a bank and a private citizen, and cannot bring themselves to believe that what is *wrong* in one is *right* in the other. If a citizen refuse to pay his just dues, or is unable to pay them, he is declared a bankrupt, and officers are appointed to settle up his affairs—or he is shut up in prison until he declares himself insolvent, and takes the benefit of the insolvent law. But a bank can refuse to redeem its promises to pay with thousands in its vaults. Is this right? Is it a correct way of doing business? Certainly not. We hope our State Bank will confer with the Kentucky and Ohio banks, and resume at an early day. We shall continue to agitate this subject until the people become thoroughly aroused."

The London Banker's Circular has the following paragraph, which cuts home:

"The affair of the United States Bank is too important to be huddled into a paragraph amongst other matters; it must have one to itself. The proportion of its capital held by British subjects, is nearly four millions sterling; but it may be described as an entire loss. And this loss we venture upon some consideration to say is greater than the aggregate of all the losses sustained by the inhabitants of the British Islands from the failure of banks in the country, since Mr. Patterson established the banks of England and Scotland at the close of the seventeenth century. The small population of Guernsey and Jersey hold £200,000 of the stock of this United States Bank. Call it an entire loss, and it is equal to a levy of three or four pounds on every man, woman and child in the whole community of those islands—a sum greater than was ever raised by taxation in a single year on any people in the whole world. Are these important facts!—if facts they be. Then let statesmen meditate upon them, for by their errors and reckless confidence in delusive theories they have been produced."

CURRENCY.—Gov. McDonald of Georgia, in his message to the Legislature, proposes to remedy the disorders in the currency by establishing a single State Bank with branches, and suffering the charters of the other banks to expire without renewal.

If the currency should be improved by such a measure it will be a new event in American history. Hitherto the currency has been soundest where the banking capital has been distributed among many small rival institutions.—*Pennsylvanian.*

BANKS VS. THE PEOPLE.—The Detroit Advertiser says, "while the people have been suffering a shave of from 12 to 50 per cent. the Banks have been growing fat. As an illustration, our own Bank of Michigan, in 1839, owed the United States some $80,000. As the best mode of paying this debt, a suspension was sought, and by misrepresentation, obtained, from the Legislature. Under this suspension the Bank increased its circulation some one hundred and fifty to two hundred thousand dollars, with which flour and pork was purchased. This was sent to New York, and from its proceeds the Bank paid off its debt to the United States, and then broke down—leaving this increased circulation upon the hands of the people.

As the Legislatures will be in session in a short time in the different States, the people will have a fair opportunity of discovering how many Penroses there are. We do not entertain the least doubt but that (as parties are so close in many of the States) every democrat who can be, *by any means* seduced from his duty to his constituents and his country, will be *operated upon.* It is our sincere hope that our friends will compel every bank in the United States to either *resume specie payments or wind up!*—*Delphi Oracle.*

GOVERNOR'S MESSAGE.

Gentlemen of the Senate
and House of Representatives:

In meeting together to consult for the general good, we are led to review the past, even while the mind is directed to the consideration of the future. Although the year now drawing to a close has produced no amelioration of the causes which are distracting the business, trade and commerce of the country, the bounties which have been showered upon us by a beneficent Providence call for the most lively expressions of gratitude to Him, who is the source of every blessing. The labors of the husbandman have been crowned with a rich abundance of the fruits of the earth. With some local exceptions we have enjoyed a year of more than usual health. The storm of war which lowered upon our horizon has passed away, and the blessings of peace are continued to our common country. Liberal principles, sound morality and pure religion have exercised their restraining influence upon the community, and we have been spared the pain of witnessing those infractions of law and good order within our State so dangerous to our institutions, and subversive of the fundamental principles of our government.

You have met under peculiarly trying circumstances. Since the adjournment of the last legislature we have reached a crisis in our affairs, dreaded indeed by many, but which it was hoped might be avoided. Indiana, until the present year, had succeeded in paying the interest on her public debt, and at the last session ample provision was supposed to have been made for its payment this year, but circumstances beyond the control of the agents of the State, have rendered it impossible to procure the necessary funds, and we are compelled to admit the unwelcome truth, that the credit of the State has not been sustained.

It now devolves upon the legislature to devise and adopt measures, the best adapted to the exigencies of our situation. To do this, it becomes necessary to look over the whole ground—to examine our exact situation with the strictest scrutiny, and make the most correct estimate we possibly can of the liabilities and means and resources of the State. In order that the whole object may be fully presented and understood, I shall in the first place consider somewhat in detail, the commencement and progress of those measures, the unfortunate issue of which, has involved the State in her present difficulties.

In the year 1827, the State of Indiana obtained from the General Government a grant of land to aid in the construction of the Wabash and Erie Canal, with a view to connect the Wabash river with Lake Erie. A portion of this grant was surrendered to the State of Ohio, on the condition that she would construct the Canal from the boundary of Indiana to the Lake. This canal has been completed, ready for navigation from Lafayette on the Wabash, to the eastern line of the State. This work is not generally regarded as forming a part of the general system of Internal Improvements, in the prosecution of which the State subsequently engaged in the year 1836. It is now understood that Ohio will complete her portion of the line in 1842, by which an uninterrupted communication will be opened between the Wabash and Lake Erie.

In the month of January 1836, the legislature passed an act to provide for a general system of Internal Improvements, embracing a number of expensive works. The extent and present condition of these works, including the Wabash and Erie Canal, with the total disbursement thereon, up to the present time, with the expenditure under every head, may be briefly summed up as follows:

1. The Wabash and Erie Canal from the State line to Tippecanoe, 129¾ miles in length, completed and navigable for the whole distance, at a total expenditure, including payment for every purpose, of $2,041,012. This sum includes the cost of steam boat lock at the Delphi dam, now nearly finished.

2. The extention of the Wabash and Erie Canal from the mouth of Tippecanoe to Terre Haute, 104¼ miles. Total probable cost $1,500,000—amount expended, $408,855. The navigation opened as far down as Lafayette, and a portion of the work performed in the vicinity of Covington.

3. The Cross Cut Canal from Terre Haute to Central Canal, 49 miles in length—estimated cost, $718,672—amount expended, $420,679. No part of the work is navigable.

4. The White Water Canal from Lawrenceburgh to the mouth of Nettle creek, 76¼ miles—total estimated cost, $1,675,738—amount expended, $1,099,867. Thirty one miles of this work navigable, extending from the Ohio river to Brookville.

5. The Central Canal from the Wabash and Erie Canal to Indianapolis, including the feeder dam to Munciettown. Total distance, 124¼ miles—total estimated cost, $2,299,853—amount expended, $568,046—eight miles completed, other portions nearly done.

6. Central Canal from Indianapolis to Evansville, on the Ohio river. Length 194 miles—total estimated cost, $3,532,394—amount expended $·81,302—19 miles of which, at the southern end, connecting with the Ohio river are finished, and 16 miles extending south from Indianapolis, nearly finished.

7. Erie and Michigan Canal, 182¾ miles—estimated cost $2,621,823—amount expended, $156,324. No part of this work is finished.

8. The Madison and Indianapolis Rail Road—85¾ miles long—total estimated cost, $2,046,600—amount expended, $1,493,013. Road finished and in operation for about 28¼ miles. Grading very nearly finished on 27¼ miles in addition extending to Edinburgh.

9. Indianapolis and Lafayette Turnpike road—73 miles in length; total estimated cost, $593,737—amount expended, $73,182. The bridging and most of the grading done on 27 miles from Crawfordsville to Lafayette.

10. New Albany and Vincennes Turnpike road—105 miles long—estimated cost, $1,127,295—amount expended, $651,411. Forty one miles graded and McAdamized, extending from New Albany to Paoli and 27 miles in addition, partly graded.

11. Jeffersonville and Crawfordsville road—161¾ miles long—total estimated cost, without metalling, $952,000, with metalling added, the cost would be $1,651,800—amount expended, $372,733. Forty-five miles partly graded and bridged, extending from Jeffersonville to Salem, and from Greencastle north.

12. Improvement of the Wabash Rapids, undertaken jointly by this State and Illinois, one half of the estimated cost of which is $102,500—amount expended by Indiana, $9,539.

There has also been paid for the general contingent expenses of the Board of Internal Improvements, for the purchase of instruments, &c., chargeable alike to all the public works, the sum of $26,564 41.

By summing up the foregoing statement, it will be seen that the whole length is 1289 miles 281 miles of which have been completed—aggregate estimated cost of all the works, $19,914,424—amount expended for all purposes, up to this date, $8,164,528 21.

The above estimates of the cost of the entire lines, are based on the cost of the work already done; from which it appears it would require to complete the whole of the above works, $11,750,000. At the present reduced prices, it might take less, were it not for the loss and dilapidation on the unfinished portions of the works.*

Following in immediate connection with this view of our public works, is the amount of the whole public debt of the State. Including all our liabilities, this may be estimated at $15,088,146. There is some difficulty in ascertaining the exact amount of a part of the items, but upon referring to the most accurate sources of information, it is believed the following statement will be found substantially correct:—

1. For the Wabash and Erie Canal,	$1,727,000
2. For the establishment of the State Bank,	1,330,000
3. For the enlargement of the capital of said Bank	1,000,000
4. Advanced to the Bank in anticipation of the fourth instalment of the Surplus Revenue,	294,000
5. For bonds advanced to the Lawrenceburgh and Indianapolis R. Road Company,	221,000
6. For bonds sold for the Internal Improvement System of 1836,	7,050,000
7. Due the State Bank for advances on the Public Works, including interest,	693,146
8. Amount of Treasury Notes outstanding,	1,300,000
9. For last July instalment of interest,	259,000
10. Hypothecated Bonds sold,	404,000
11. Bonds now hypothecated,	665,000
12. Interest on outstanding Treasury Notes,	85,000
Total,	$15,088,146

There has been advanced on the bonds now hypothecated, 145,000 dollars, nearly. Should this sum be refunded by the sale of the State Bonds, that item will be reduced to the amount of bonds sold to redeem those hypothecated. When the revenue of the year 1841 shall be paid into the treasury, the amount of treasury notes will be reduced perhaps to $850,000.†

That part of our liabilities usually called the suspended debt, upon which nothing has been received, in which may be included the Cohen property, consists of the following:

1. Due from the Morris Canal and Banking Company for Bonds sold to increase the stock of the State Bank, [nearly]	1,000,000
2. From the same, for Bonds sold for Internal Improvement purposes,	1,146,000
3. From other Companies,	894,000
4. Cost of Cohen property,	341,000
Total amount of Suspended Debt.	$3,381,000

By a joint resolution, "in relation to money due in eastern cities and States, for State bonds disposed of, approved February, 24, 1840," it was made the duty of the Fund Commissioners to require collateral security to double the amount of the bonds sold to the Morris Canal and Banking Company, to raise money to increase the capital stock of the State Bank, or require payment of said bonds, or the return thereof. By this transfer to the Canal Fund Commissioners, the management of this debt was taken from the officers of the Bank, and it has since then become blended with the debts contracted on account of the general Internal Improvement system.

No correct opinion can be formed of the probable amount which will be realized from the suspended debt, nor of the value of the collateral securities taken at different times for its payment; the securities are as various as can be well imagined, and many of them are doubtless scarcely worth the paper employed in conveying them to the State. A part of the debt may be recovered, but how much, or when, are questions it is impossible to answer. One thing, however, is pretty certain, that very little of it can be collected in time to be used for any immediate purpose.

The public debt of the state may be arranged under three different heads.

First, That part upon which the interest can be paid without a resort to taxation. This includes the following loans, viz:

1st. Original loans to create bank stock,	$1,293,000
2d. Advanced to the Bank in anticipation of the 4th instalment of the Surplus Revenue,	294,000
3rd. Advanced to the Lawrenceburgh and Indianapolis Rail-road Company,	221,000
Total,	$1,805,000

Second, The Treasury Notes remaining in circulation. The whole amount issued up to the first of November, 1840, was, 1,450,000 dollars. The amount which has not been returned to the treasury is estimated at 1,300,000 dollars. These bear interest from their date until redeemed, at the rate of six per cent. per annum.

Third, This part of the public debt consists of all those liabilities of every description exclusive of the treasury notes upon which interest is demandable, and for the payment of which no adequate means are at present provided.

These may be stated as follows:—

1. Bonds sold for the Wabash and Erie Canal,	$1,727,000
2. Bonds disposed of for Internal Improvement purposes,	7,050,000
3. Principal due the State Bank for advances on the public works,	641,500
4. Hypothecated Bonds sold and unsold,	*1,069,000
5. For Bonds sold to the Morris Canal and Banking Company, to increase the capital stock of the State Bank,	1,000,000
Total	$11,487,500

This sum bears five per cent. interests, except 100,000 dollars of the Wabash and Erie Canal loan, and the amount advanced on the public works, by the bank, which bear six per cent; and about 30,000 dollars of seven per cent. bonds recently disposed of in payment of interest. The annual interest on the above sum may be set down at 582,440 dollars. If we add to this the amount to be paid for exchanges, commission, expenses, &c., the least amount necessary to discharge the interest on the above part of the public debt, will vary but little from 615,000 dollars annually.

To pay the amount of interest, the state possesses the following means, which may be relied on with certainty:

1st. The interest on the proceeds of sales of the Wabash and Erie Canal,	$24,000
2d. Interest from Surplus Revenue,	32,000
Total	$56,000

Which being deducted from the preceding sum of $615,000 leaves the annual interest due under the third head, at the sum of $559,000.

The proceeds from tolls, water-rents, &c. on the public works, will be absorbed in expenses and repairs, for some time. And all other extraordinary sources of revenue brought into the estimates usually made are too uncertain to be relied upon at present. But I think it may be calculated safely that in five years, should Ohio complete her portion of the work as soon as expected, the tolls and rents derived from the Wabash and Erie Canal, when added to the annual interest received from the sale of canal lands, will be sufficient to pay the interest on the loan for its construction.

It will be discovered from the foregoing statements that we have a two-fold debt pressing heavily upon us, from which immediate relief cannot be expected, namely, the sum actually expended on the system of Internal Improvements adopted in 1836, comprising works which are not in a situation to yield any profit, and also the suspended debt upon which the accruing interest is to be paid, although the State has not received any part of the principal.

It is due to ourselves in this state of our affairs, to examine into some of the prominent causes which have produced the present embarrassments. The first of these is doubtless to be found in the number of large and expensive works, embraced in the system of Internal Improvements, and their simultaneous prosecution. Also the unexpected increase in the prices of provisions, labor and materials was such that a sum much greater than the original estimates was required for the construction of the public works. Two great errors were committed in the progress of the system. The first was paying the most of the interest out of the money to be paid. This subjected the State to the payment of compound interest, and the people not feeling the pressure of taxes to discharge the interest, naturally became inattentive to the policy which was pursued. Had the legislature commenced by levying taxes to defray the interest as it accrued, its amount would have been a certain index to the sums expended on the works. This of itself would have done much to check extravagant expenditures. The second error was selling bonds on credit. This finally led to the most disastrous consequences, and it constitutes a prominent cause of the failure of the State, to progress with the general system of improvements, that those companies to whom bonds had been sold on time did not comply with their contracts. During the Summer of 1839, several very important works were rapidly progressing to completion. Loans had been negotiated with the Morris Canal and Banking Company, and other Companies of less note, amounting to nearly two millions of dollars, and generally, the proceeds were to be paid to the State in monthly instalments, so as to enable the canal commissioners to meet their engagements, with contractors on the public works. Every thing seemed to be moving forward as prosperously as could be desired until the month of August, 1839, when these companies became unable to fulfil their contracts. As a matter of course operations on the public works ceased immediately, except on the Madison and Indianapolis Rail road, for which a special loan had been made with a company in Madison. In a very short time the situation of the country became such, that money to progress with the works could not be obtained from any quarter.

But the enumeration of the causes which produced our present embarrassments does not stop here, particularly as relates to the non-payment of interest. The legislature at the 1st session made provision for the payment of interest, and the redemption of Treasury notes by authorizing the sale of bonds, to bear not exceeding seven per cent. interest, and by directing the levy of a tax of forty cents on each hundred dollars of the grand assessment. As is well known, the Fund Commissioner could not dispose of bonds on the terms required by the legislature. Nothing could be realized in the collection of taxes soon enough to meet the July instalment of interest. But this is not all. The act of 1840, authorizing the issue of the Treasury notes, made them receivable for taxes, and it will be found when the revenue of the present year shall have been paid into the Treasury, that most, if not all of it, will be returned in Treasury notes—which by law are required to be destroyed as they are received by the Treasurer of State. And the amount of these notes still in circulation must prevent us, for several years, from deriving any available means from the collection of taxes, with which to liquidate any part of the interest on the State debt. The condition of the suspended debt is such, that although portions of it may be collected, yet we cannot procure it to pay interest as it falls due.

Such is actually our condition, and candor and justice to ourselves, and to our creditors, require us to acknowledge, that we have neither under our control nor in prospect, for some time to come, the means to discharge the interest on the whole of our public debt.

It is true we might by the sale of bonds greatly below their nominal value, manage to meet our liabilities for the present, but owing to the vast depreciation of our bonds, the debt of the State would soon be augmented to a sum so large that it would be impossible under the most favorable circumstances, to sustain its accumulated weight. Such a line of policy must in the end, lead to a failure more disastrous and oppressive in its consequences, than to pause at the present period of our difficulties. Heavy sacrifices to pay interest will add to the existing burdens of the State, without the most remote promise of ultimate relief, although this may not be true in respect of measures, to secure the completion of some of the best works. The sum which it would be necessary to lose in order to pay our interest at the present selling price of our bonds, if properly and prudently applied annually, would do more to relieve the State and calm the fears of judicious creditors, than large and continued sacrifices to meet the interest while permitting the works to decay.

Nevertheless it becomes us to leave no efforts untried to recover our former position. Indiana possesses an enterprising and rapidly increasing population. The natural resources of the State as they shall be developed by the industry of her citizens will add continually to her wealth, and this very addition will result in a constant relative diminution of the burdens of the public debt. It is our misfortune that we cannot preserve the faith of the State unimpaired. Still we should not despair of recovering from our difficulties while any means remain within our power with which we can work. Although whatever means available at present, are insufficient to pay all the interest on our internal improvement debt, yet can we not wish these, and such other resources as can be reached, properly and prudently applied, place the State in a situation to pay her debts, and finally redeem her sunken credit. Unless infamy is to be sought in the suicidal measure of repudiating the public debt, and we furthermore adopt the destructive policy of abandoning all the public works comprised in the act of 1836, thus throwing away at a dead loss forever, all that has been expended, the State could not do better than to collect all her scattered means, which can be made available, and with a determined effort, endeavor to place some of the most valuable works in a condition to become profitable.

So far as it can be done consistently with the public good, and the pledged faith of the State, and without granting privileges which may prove detrimental to the future interests of the citizens, the State would do well to secure the assistance of companies, who may be willing to contribute towards the construction of the public works. That companies can be found to embark to any great extent in an enterprize of this character, I do not believe. Nevertheless on some of the lines it is currently understood that associations of individuals can be induced to step forward, and invest funds in the shape of Stock to an amount which will afford efficient assistance in the completion of those works.

Noah Noble, Esq., the Fund Commissioner, has been assiduously engaged through the present year in the duties of his office. Your most earnest attention is invited to his very full report, which will be laid before you. Its magnitude and the variety of topics, relating almost exclusively to the suspended debt, and the collateral securities taken to secure its payment, forbid my attempting any particular statement of its contents. You will perceive from the report that the greater part of the suspended debt is involved in doubt and difficulty. Every fair and impartial mind must receive the impression, that Indiana has been in many instances the victim of preconcerted imposition and fraud. If broken banks were to be resuscitated for dishonest purposes, Indiana Bonds were obtained by the projectors to aid in the enterprize. If clamorous creditors were to be satisfied, it is to be feared that they sometimes lent assistance to their debtors, in cajoling our agents out of the bonds. If heavily operating institutions were involved in extensive speculations under which they must sink, unless a powerful effort were put forth, Indiana bonds were procured at nearly their par value, and thrown upon the money market at reduced prices, to raise the means of meeting a pressing emergency. There is nothing pleasant in arriving at these conclusions, nor in expressing them, but while so much is said in a spirit of reproof, on the subject of Indiana protecting her credit under such a complication of difficulties, we ask to have it remembered, that some of those upon whom we relied for the means of progressing with our public works, have not kept their faith with us. How much soever we may be obnoxious to censure, as a State, for the inconsiderate manner in which the system of Internal Improvements was projected and prosecuted, it is our misfortune, and not through any dishonest intention, that we occupy our present position. Could we collect the whole or even a moiety of the suspended debt, much could be accomplished in sustaining the faith of the State. It was the creation of this debt which put a stop to the operations on the public works, and its weight is now crushing the energies of those who are struggling to sustain the credit of Indiana.

As to our own public agents identified with these transactions, so far as any of them have wilfully violated their duty, they should answer therefor to the proper tribunals of the country. You will of course, in justice to all concerned, give this subject a fair and impartial investigation, and if necessary, direct such proceedings as justice and the interests of the State may demand.

In presenting the preceding details, views, and remarks, respecting the condition of the affairs of the State, and of the suspended debt, I have found no pleasure. An imperious sense of duty has alone induced me to adopt the course I have pursued on this occasion. As regards the public works, the State debt and our future prospects, it can subserve no useful purpose to ourselves, nor to our creditors to conceal our real situation. When all know the ground upon which we stand, the wisdom of future measures can be fully appreciated, the object at which our exertions should be aimed, can be more clearly perceived, and fully understanding the premises, the probabilities of a favorable result can be the more readily estimated by ourselves, and those to whom we may look for assistance.

At the session of