ERNOR TILDEN'S INAUGURAL.

ease of the State Debt During the Past Year.

CONSTITUTIONAL AMENDMENTS.

fections of Our Criminal Laws and Jurisprudence.

CAL LEGISLATION.

York's Great Transportation Route Between the Lakes and the Ocean.

VERNMENT TOO COSTLY.

People Should Take Public fairs Into Their Own Care.

XECUTIVE CHAMBER, ALBANY, Jan. 5, 1875.

E LEGISLATURE:—

he advent of a new year, when the public assemble to consult in respect to the affairs transact the business of the State, our first ht should be to offer up devout thanksgiving Supreme Disposer of events for the bless- hich we have enjoyed during the year now . Our great Commonwealth comprises a tion of more than four and a half millions— y exceeding that of the whole United States formation of the federal government—and cing vastly more extensive and diversified sts and activities. Our sense of duty ought commensurate with the magnitude of the conferred upon us by the people. Forming, r State does, so important a part of the ican Union, the benefits of an improved pol- wise legislation and of good administration, t confined to our own citizens, but are felt ly and by their example, in our sister , and in our national reputation throughout orld. Mindful, with you, of these considera- I proceed to perform the duty enjoined by nstitution upon the Governor to "communi- y message to the Legislature" "the condi- f the State" and to "recommend such mat- o them as he shall deem expedient."

RECEIPTS AND EXPENDITURES.

receipts into and payments from the Treas- n account of all the funds except the canal ommon school funds for the fiscal year, end- eptember 30, 1874, were as follows:—

pts $26,465,370 43
ents 19,636,308 36

ce in the Treasury September 1874 .... $6,829,062 07
vailable balance amounted to 6,494,881 44

difference being made up by the defalcation e State Treasury, in 1873, of $304,957 91, and um of $29,222 72, being an old balance due the Bank of Sing Sing.

STATE DEBT.

the 30th September, 1873, the total funded was $36,530,406 40, classified as follows:—

ral fund $3,988,526 40
ngent (stock issued to the Long nd Railroad Company) 68,000 00
l 11,352,880 00
ty 21,121,000 00
al $36,530,406 40

ring the months of August and September, stocks of the bounty loan were purchased to amount of $306,000, but not cancelled until September 30, 1873. Deducting this sum, the ty debt amounted to $20,815,000 and the total to $36,224,406 40.

the 30th September, 1874, the total funded was $30,199,456 40, classified as follows:—

ral fund $3,988,526 40
ingent 68,000 00
l 10,230,430 00
ty 15,912,500 00
tal $30,199,456 40

e actual reduction of the State debt during iscal year ending September 30, 1874, by cancellation of matured stocks and by the purchase ,902,500 of bounty loan sevens of 1877, for the ty debt sinking fund, is $6,024,950.

addition to the $4,902,500 of bounty stock chased for the bounty debt sinking fund during ast fiscal year and cancelled, there have been stments for that sinking fund, since the date e last report to the present time, in State se- ies and government registered bonds to the unt of $4,381,500, at a cost of $4,972,091 35; add- $327,283 88 premium and $3,210 commissions on nty loan stock purchased and cancelled, and 21,584, interest on bounty debt, makes a total ,626,667 23 paid on account of this sinking the date of last report to the present ecurities now held in trust for this mount at their par value to h could not be disposed of, at the s, at an average premium of

gent shows the amount of oth September, 1874, after balances of the sinking

Balance of Sinking Funds on h September, 1874. — Balance of Debt after applying Sinking Funds.
.693 84 —
.823 49 $35,176 51
.018 99 8,669,111 01
.278 29 8,787,221 89
4 52 $17,491,809 33
1, 1874, payable

$21,191,379 34
17,491,809 32
$3,699,570 02

ent year amounted

x will be $15,727,482 08, the amount levied dur- ear.

eminds the Legislature of part to secure the taking he year 1875, and suggests commission relative to pau- the poor and to propose such onduce to the best interests of lso advises a moderate appropria- for the contingent expenses of the ers who are to represent the State at ennial Exhibition.]

CONSTITUTIONAL AMENDMENTS.

e adoption of the recent amendments to the stitution renders necessary some important slation in order to carry them into full effect. changes made in article 2 require correspond- changes in the election laws with respect to lenges and the oaths thereupon and the en- ment at the present session of a law "exclud- from the right of suffrage all persons convicted ribery or of any infamous crime."

e amendment of section 4 of article 8 of the stitution requires the enactment of a "general , conforming all charters of savings banks or itutions for savings to a uniformity of powers, ts and liabilities."

e addition of article 15 necessitates the pas- e of an act prescribing the punishment for the nce of bribery created in sections 1 and 2. e legislation may be necessary in consequence he change in the mode of compensating mem- s of the Legislature, and in some other matters ch will readily occur to you.

e section added to article 3 as section 18 re- res the passage of general laws providing for cases in which special legislation is prohibited that section. Many of these cases are within sting general laws, and, with respect to others, immediate legislation seems to be required. ubtless, however, some legislation is expedient, her in the way of enacting statutes providing the cases to which the existing statutes do not ply, or in the way of amendments to existing tutes.

he provision prohibiting special legislation in cases specified is the amendment from which largest benefits have been anticipated. In ming the general laws which are to provide for se cases great caution will be necessary. The rt I took in the Convention of 1846, and even fore the enactment of the general banking law 1838, in advocating the principle of general laws its application to the creation of corporate dies which had been practical monopolies, and other cases where it seemed to be safely ap- cable, may justify me in suggesting some quali- ation of the advantages to be derived from the change, unless it be accompanied by especial foresight and wisdom.

It will, doubtless, be an unavoidable necessity to modify existing general laws and to shape new ones to be enacted with reference to special and peculiar cases. It is quite possible to give a general form to the phraseology of every enactment intended to apply to a special case and to operate as a special grant of powers.

The benefit intended to be secured by the prohibition may thus be defeated. Even greater mischiefs than those which existed under the old system may be created.

The parties interested in promoting a law intended to obtain special powers for a particular case cannot be relied on to guard against the possible operation of the general provision in the other cases to which it may be applied. The legislator who could measure the whole consequences of an act limited in its terms to a special instance, cannot foresee the possible cases to which a general law adapted to the instance present to his mind may be found capable of applying or what operation it may have. There will, therefore, be great danger of vague, loose and hasty legislation in contemplation of one object, but capable of working in numerous cases results neither foreseen nor intended.

The new legislation called for by this provision should be framed with more than ordinary care.

FRAUDS AND MALVERSATION BY PUBLIC OFFICERS.

It will be the first and most imperative of our duties to revise the laws which are intended to provide criminal punishment and civil remedies for frauds by public officers and by persons acting in complicity with them. The condition of our existing statutes and of our unwritten law, as its provisions for such cases have been construed and declared by recent decisions of the court of final resort, disclose grave defects. The practical evils resulting from these defects are greatly increased by the recent frequency and magnitude of violations of official trust.

IMPERFECTION OF CRIMINAL LAWS.

The statutes punishing embezzlement are held not to apply to such offences when committed by public officers. The statutes relating to larcenies are deemed to be of questionable application to a fraudulent acquisition of public funds, existing in the form of credits inscribed on the books of a bank, and known in the language of commerce as deposits. The statutes in regard to obtaining money or property by false pretences are not free from technical embarrassments in their application to public frauds. Without assenting to the conclusion that these statutes are wholly unavailable in such cases, it cannot be doubted that they are inadequate, unfit for the exigencies of the times, and that they abound in needless technical questions which tend to the defeat of public justice.

No illustration of these defects can be so impressive as certain facts of recent experience. A public officer, designated by a statute of the State, and authorized, with two others, to audit the then existing liabilities against the county of New York, fraudulently made an audit, or certified to an audit not made, of fictitious claims to the amount of $6,000,000, and instantly received $1,500,000 of the money paid on such audits, through a common agent between himself and the pretended owners of the claims. For this flagrant crime, accompanied by many circumstances of aggravation, the eminent counsel who represented the people deemed it prudent to seek convictions only for misdemeanors in neglect of official duty, the punishment for each of which is imprisonment in the Penitentiary for a term not exceeding one year and a fine not exceeding $250. When we consider that a person who, under the temptation of pressing want, steals property of the value of over $25, is liable to imprisonment in the State Prison for a term of five years, and that the other offences against private property are punishable with corresponding severity, the inadequacy of the law applicable to great public delinquents, betraying the highest trusts and plundering the people on a grand scale, is revolting to all just notions of morality and justice.

RECOMMENDATIONS.

I recommend the enactment of a statute which shall clearly embrace such offences, and impose penalties upon them proportionate to their moral turpitude and to the mischief which they inflict upon society. It can apply only to future cases, but it may be expected to do something toward preventing a recurrence of such evils.

CIVIL REMEDIES.

The existing civil remedies applicable to such cases are no less inadequate. For the last three years the spectacle has been exhibited on the conspicuous theatre of our great metropolis of fraudulent officials remaining in quiet possession and making unobstructed dispositions of great wealth, which we are morally certain was derived from their spoliation of public trusts, notwithstanding legal proof of the most conclusive nature exists of their guilt. In the meantime civil actions have been dragging their slow length along, as in ordinary cases of disputed rights, while the "law's delay" has been maintained by the use of the vast fund abstracted from the public, and no process has been found in our laws by which it could be attached and preserved pending the litigation, or its disposition interfered with before final judgment.

RECOMMENDATION.

A bill to extend to such cases the remedy of attachment as in case of foreign corporations, or non-resident, absconding or concealed defendants, has been heretofore submitted to the Legislature. I trust that such a measure will be speedily adopted. I recommend, further, that preference be given to such cases in the courts, whoever may be the party plaintiff.

A GREAT DEFECT IN OUR JURISPRUDENCE.

A still more serious defect exists in our jurisprudence. Where a wrong is committed which affects the treasury of a city, county, town or village the officers who would be the proper plaintiffs in any suit for redress, or who possess exclusively the power to institute or conduct such suits, may be themselves the wrongdoers or be in complicity with the wrongdoers. In every such case the remedy must, of course, be very much embarrassed if not wholly unavailing. The unfaithful incumbents may be entitled to serve for a long term or they may possess great facilities for gaining the favor of their successors. While the remedy is thus delayed—perhaps for years—the proofs may be lost, or the depredators may make away with their property and withdraw their persons from the reach of process, or they may, through the lapse of time, become discharged from liability by the Statute of Limitations. As the offence becomes stale the public sentiment, which inspires voluntary efforts of patriotic citizens in behalf of the people to seek redress, is wearied and weakened. On the other hand, temptations are strengthened and developed into actual crimes by the prospect of impunity, which grows out of tardiness and uncertainty in the remedial law.

ATTEMPTS TO REMEDY THAT DEFECT.

The frequent occurrence of malversation in local governing officials has stimulated ingenuity to devise some judicial remedy. At first, it was conceived that the injured taxpayers or inhabitants might, in their own names, invoke judicial aid. An analogy was set up to the case of a private corporation in which a corporator, on the omission of the directors to sue, might bring an action, in behalf of himself and his associates, making the corporate body a defendant. The idea received much favor from the courts in the judicial district which comprises the city of New York. But the Court of Appeals, in Roosevelt vs. Draper and in Doolittle vs. Supervisors of Broome County, decided that the individual taxpayer had no special interest distinct from that of the public which would enable him to sustain an action, in person, for the redress of a public wrong of the nature involved in those cases. In the former case, the intimation was made, that the true "remedial process against an abuse of administrative power tending to taxation is furnished by our elective system, or by a proceeding in behalf of the State;" in the latter, that "for wrongs against the public, the remedy, whether civil or criminal, is by a prosecution instituted by the State in its political character, or by some officer authorized by law to act in its behalf." The whole reasoning of the Court proceeded upon this ground, nor does it seem to have been questioned by the counsel on either side. The remedy intimated in these decisions has been recognized as established law in Great Britain, from which we inherit our equity jurisprudence, by a series of great precedents. It has been applied to populous municipalities, like Liverpool, and to corporate funds derived from taxation and applicable to general municipal purposes. It is a natural deduction from the historic origin and the expansive philosophy of the equity system, whose proud boast has ever been that it leaves no wrong without a remedy.

On the discovery in 1871 of the frauds committed by the governing officials of the municipality of New York, the Attorney General, acting on these intimations of our own courts and on the English precedents, instituted actions against the parties inculpated by positive proofs. Within the last year the Court of Appeals, in the cases of "The People vs. Tweed, Ingersoll, et al." and of "The People vs. Fields," has decided that the State cannot maintain those actions. The result is at last arrived at, that neither the taxpayer, nor the State in his behalf, can seek redress; that in all the long interval nobody has been competent to sue or conduct a suit, except some corporation counsel who was an appointee of the accused parties. This is a state of our jurisprudence which calls for new legislation.

NEW LEGISLATION.

In choosing between the two expedients of vesting a right to sue in the individual taxpayer or in the State, it is obvious that the latter should be preferred. The existing statutes, intended to confer some limited rights on the individual taxpayer, are practically nugatory. The reasoning of the Court of Appeals, in the cases denying him the right under our customary jurisprudence or the common law, argues with cogency the inconveniences which might attend the possession of such a power by every member of so multitudinous a body. The wiser alternative is to vest the power in the people of the State, acting by their Attorney General. It will be analogous to the authority which exists in respect to private corporations, and in cases of nuisances, and of *quo warranto*; and will be in conformity to the safe methods and traditional usages of equity jurisprudence.

LOCAL SELF-GOVERNMENT.

The establishment of such a remedy for the injured taxpayer or citizen will not detract from, but will make possible and will found on a durable basis local self-government. Human society will struggle, like everything that lives, to preserve its own existence. When abuses become intolerable, to escape them it will often surrender its dearest rights.

All the invasions of the rights of the people of the city of New York to choose their own rulers and to manage their own affairs—which have been a practical denial of self-government for the last twenty years—have been ventured upon in the name of reform, under a public opinion created by abuses and wrongs of local administration that found no redress. When the injured taxpayer could discover no mode of removing a delinquent official and no way of holding him to account in the courts, he assented to an appeal to the legislative power at Albany, and an act was passed whereby one functionary was expelled, and by some device the substitute selected was put in office. Differing in politics as the city and State did, and with all the temptations to individual selfishness and ambition to grasp patronage and power, the great municipal trusts soon came to be the traffic of the lobbies. It is long since the people of the city of New York have elected any Mayor who has had the appointment, after his election, of the important municipal officers. Under the charter of 1870, and again under the charter of 1873, the power of appointment was conferred on a Mayor already in office. There has not been an election in many years in which the elective power of the people was effective to produce any practical results in respect to the heads of departments in which the actual governing power really resides.

A new disposition of the great municipal trusts has been generally worked out by new legislation. The arrangements were made in secret. Public opinion had no opportunity to act in discussion, and no power to influence results. Inferior offices, contracts and sometimes money were means of a competition from which those who could not use these weapons were excluded.

Whatever defects may sometimes have been visible in a system of local self-government, under elections by the people, they are infinitely less than the evils of such a system, which insures bad government of the city, and tends to corrupt the legislative bodies of the State.

A popular election invokes publicity—discussion by the contending parties—opportunity for new party combinations and all the methods in which public opinion works out results.

OFFICIAL ACCOUNTABILITY A CONDITION OF MUNICIPAL INDEPENDENCE.

No part of the civic history of this State is more instructive than the recorded debates of the Convention of 1821, on the question of electing, by the voters of the counties, the Sheriff, who is the executive arm of the State. It was thoughtfully considered by our foremost statesmen. Its solution embraced the two ideas—the selection by the locality, and the removal for cause by the State. The Convention of 1846 carried its dispersion of the power of choosing local officers much further, on the same system. That system is to distinguish between the power of electing or appointing the officer and the power to hold him to account. It is, while dispersing the one to the localities, to reserve the other to the State, acting by its general representatives and as a unit; to retain in the collective State a supervisory power of removal in addition to whatever other accountability may result to the voters or authorities of the locality from the power to change the officer at the expiration of his term, or from special provisions of law.

The two ideas are not incompatible. On the contrary, each is the *complement* of the other. Such *dispersion* of the appointing power has become possible only because these devices have been invented to preserve accountability to the State.

The right of the State by its general representatives to remove is capable of being made to destroy the local election or appointment. The right of the State to sue is not. It is less in conflict with the local power of election and appointment. Official accountability is not complete if there is no remedy for official wrongs but removal. That remedy needs to be supplemented by accountability in the courts on the appeal of a taxpayer or citizen of the locality. If a right to that appeal is denied, the appeal will continue to be made, on often recurring occasions, to the legislative power; and the system of the last twenty years will be perpetuated.

MUNICIPAL PROBLEM.

The problem of municipal government is agitating the intellect of all civilized peoples. In our own State it is the more interesting and important because it involves the half of all our population, which lives in cities or large villages.

The framework of the system which we should adopt must be intrenched in the fundamental law, and protected by constitutional restrictions from arbitrary and capricious changes by legislation. This problem failed of any solution in the recent amendments to the constitution. It is worthy of long-continued thought and debate. Time and discussion will at last mature a safe and wise result.

THE ERIE CANAL AND THE TRANSPORTATION PROBLEM.

The State of New York, not denying the general unfitness of government to own, construct or manage the works which afford the means of transportation, saw an exception in the situation and in the nature of the canals which are trunk communications between the Hudson and the great inland seas of the North and West. They connect vast navigable public waters, and themselves assume something of a public character.

THE NATURAL PASS OF COMMERCE.

The voyage from Europe to America, even if destined to Southern ports, is deflected by the ocean currents so as to pass closely by the gates of our commercial metropolis. That capacious harbor is open the whole year, accessible in all prevailing winds, is sheltered, safe and tranquil. From it the smooth waters of the Hudson give transit to the lightest hull, carrying the largest cargo, which the skill of man has brought into use. The head of navigation on the Hudson touches the natural pass of commerce opened up in the geographical configuration of this Continent, where the Alleghenies are cloven down to their base and travel and traffic are allowed to flow across on a level, and by the narrowest isthmus, to the lake ports, which connect with all that great system of inland water communication and interior commerce, the most remarkable in its character and extent and accessories that exists in any part of the globe.

THE NORTHWEST.

Tributary to the Western centres of lake commerce, such as Chicago and Milwaukee, are vast areas of fertile soils, which stretch to and partly include the valley of the Upper Mississippi. Open prairies, easily brought into cultivation, fitted for the use of agricultural machinery, adapted to the cheap construction of railways, and peculiarly dependent on their use as a means of intercourse and traffic, have been opened to settlers at nominal prices. They have been rapidly filled by a young, intelligent and energetic population, trained in the arts and industries of an older civilization, and applying them to natural advantages which have been found elsewhere only in conjunction with the social barbarism of an uninhabited wilderness. They are now covered with a network of railways, which connect myriads of little centres with the lake ports and with the trunk railways, that bring them into practical contiguity to our great Eastern centres of population, capital, commerce and manufactures.

NEW YORK'S LIBERAL POLICY—THE ERIE CANAL TRUST.

New York, without arrogating to itself an undue share in these achievements, may contemplate with proud satisfaction its contribution to results so magnificent. Important as are the advantages which have accrued to itself, it has not sought to monopolize the benefits of its policy. The price of such cereals and other products of agriculture as are exported in considerable quantities are mainly fixed by the competitions of the foreign markets, even for our own consumption. The cheapening of the cost of transit, therefore, chiefly profits the producer. This consideration illustrates how large and liberal, in the main, is the policy adopted by the State—a policy which I had the satisfaction of advocating in 1846 and 1867—of treating these great works as a trust for the million, and not seeking to make revenue or profit for the sovereign out of the right of way. In consonance with the same policy was the action of the State in 1851 in permitting the transit, free of tolls upon a railway which it allowed to be constructed between the termini of the Erie Canal and along its bank. It had originally undertaken the construction and administration of the canal, in order to create a facile and cheap transportation demanded by the interests of the people, and not otherwise possible to be attained. It did not forget the motive for which it had acted, and remembered only its selfish interests as a proprietor. It, therefore, by an act which anticipated the necessity afterward to arise by the construction of rival routes, repealed all restraints on the carriage of property, and opened to free competition every mode of transit, even in rivalry to its own works, for the products of the West and for the manufactures and merchandise of the East.

NOT TO BE ABANDONED.

The Erie Canal remains an important and valuable instrument of transport, not only by its direct services, but by its regulating power in competition with other methods of transportation. The State, so far as we can now foresee, ought to preserve it, and not contemplate its abandonment.

LAKE AND CANAL NAVIGATION CANNOT BE ASSIMILATED.

The 925 miles of lake navigation from Chicago to Buffalo, and the 495 miles of canal and river navigation from Buffalo to New York, and the 3,000 miles of ocean navigation from New York to the Old World, cannot be made homogeneous, or even assimilated. Each is subject to physical conditions which are unchangeable, and to which the vehicle of transportation must be adapted.

LAKE BOATS UNFIT AS CANAL BOATS.

The rough and stormy lakes require a strong vessel, made seaworthy by its deep keel, fully manned, and of a form intended for speed in an unlimited expanse of water. The canal admits of a light keel and a shape which will carry a larger proportional cargo, for the boat moves safely in a tranquil channel of water, closely confined by physical boundaries on the bottom and sides, and cannot but submit to a slow movement.

The propeller of the lakes tends to grow in dimensions. A recent one carries 70,000 bushels of wheat, or 2,100 tons. A barge to be towed by each propeller is a system now being tried with fair prospects of success.

The lake craft of the average size carries less cargo in proportion to the vessel than the canal boat, and it costs twice and a half or three times as much as the canal boat per ton of capacity.

If the canal were made large enough to pass the lake craft the transporter could not afford to use the lake craft on the canal. It carries too little cargo; it is too costly; it would have to reduce its rate of motion from about eight miles per hour on the lake to less than three miles per hour, which is the highest aim of the canal boats, that now make only 1 42-100 miles per hour.

Such a vehicle of transport would not be adapted to the water channel it must move in and would not be economical. Transshipment at Buffalo, with modern machinery, would cost little compared with the loss incident to using an unfit and illy adapted instrument.

To enlarge the Erie Canal to dimensions adapted to the movement of such a vessel at the rate of less than three miles per hour would be so inconvenient to the traffic that it would be easier and cheaper to construct an independent work. That would probably cost a principal sum, the annual interest on which would be greater than the entire amount now received by the carrier for his services and by the State for its tolls on all the existing business. A shorter route would be likely to be preferred. The Hudson River, from Troy to deep water, would need a similar reconstruction.

[The Governor goes on to expose the fallacious plan of enlarging the Erie Canal locks and the boats without increasing the capacity of the waterway.]

PERFECTING THE CANAL THE WISE POLICY.

The Erie Canal was planned in view of the best science and experience then possessed. It has excellent adaptations. It is a superior instrument of transportation. It should not be fundamentally changed in its character and conditions without great consideration. It should be perfected and so made available to every practicable extent for facilitating and cheapening the exchanges of commodities between the East and the West.

ITS CAPACITY—ITS ECONOMY.

The two questions concerning it are, first, its capacity to do an aggregate business during a given period; secondly, the economy per ton per mile of the transportation it affords. These questions are generally confused in all discussions. They are completely distinct. They depend upon wholly different conditions.

ITS CAPACITY AMPLE.

Capacity to accommodate an aggregate tonnage during a day, a month, or a season of navigation, depends on the number of boats of the normal size which the locks are able to pass, during the period. Boats can be multiplied indefinitely. The limit to their use is in the number to which the locks can give transit. The time occupied in a lockage is the test. But it is unnecessary to apply that, for the actual results of experience set at rest every doubt.

Of the seventy-two locks which intervene between the waters of lake Erie and the waters of the Hudson, all but a few have been doubled for many years. In 1867, when the subject was discussed in the Constitutional Convention, thirteen remained single. For the first time, on the opening of navigation next spring, double locks will be brought into use throughout the entire canal. That will nearly double the capacity of the canal to make lockages. The largest delivery of the Erie canal at tide water was in 1862. It amounted to 2,917,094 tons, in cargoes averaging 167 tons. The lockages both ways, and including rafts which pass only one way—at Alexander's, which is in the throat of the canal, three miles west of Schenectady—was 34,977. In 1873, the deliveries were 2,585,355 tons, in cargoes averaging 213 tons; and the lockages were 24,960.

The theoretical capacity of the canal will be three or four times the largest tonnage it has ever reached. There is no doubt it can conveniently and easily do double the business which has ever existed, even though the locks be not manned and worked with the highest efficiency. The subject of capacity may therefore be dismissed from this discussion.

ECONOMY PER TON PER MILE.

The question really worthy of our attention is how we can perfect the canal, so as to reduce the cost per ton per mile of the transportation it affords.

Quickening the movement of the boat increases the service it renders in a given period. It lessens every element in the cost of that service. In enlarges the number of tons carried in the given time, and by enlarging the divisor of the same expenses, it reduces the rate of cost per ton per mile.

TO BE INCREASED BY PERFECTING WATER WAY.

The economy in the transit of the boat must be made, not in the locks, but in the water-way. The seventy-two locks in the 345 miles between Buffalo and West Troy, if each takes five minutes, would occupy exactly six hours.

In October, 1873, seventy-six boats were timed, and their average passage down, with average cargoes of 227 tons, was ten days, two hours and forty-six minutes, or nearly 243 hours. If we double the time taken in the locks the time occupied on the levels between them would still be over ninety-five per cent of the whole time of the voyage. It is clear, therefore, that the saving of time must be made in the ninety-five per cent, and not in the five per cent. Economy per ton per mile in the transportation, so far as it depends on the structure of the canal, is to be found in the relation which the waterway bears to the boat.

The movement of the boat through water confined in an artificial channel—narrow and shallow—is, at best, very slow. The engineers, in 1835, planned the Erie Canal and the boat with such relations to each other as to give the greatest economy of power and facility of transit. The boat has inclined to grow rather large and too square. The waterway was practically never excavated in every part to its proper dimensions. Time, the action of the elements, and neglect of administration, all tend to fill it by deposits. I may be excused for repeating here what I said in the Constitutional Convention eight years ago:—

"What the Erie Canal wants is more water in the prism—more water in the waterway. A great deal of it is not much more than six feet, and boats drag along over a little skim of water; whereas it ought to have a body of water larger and deeper even than was intended in the original project. Bring it up to seven feet—honest seven feet—and on all the levels, wherever you can, bottom it out; throw the excavation upon the banks; increase that seven feet toward eight feet, as you can do so, progressively and economically. You may also take out the bench walls."

RECOMMENDATIONS.

I recommend that such measures be taken as your wisdom, aided by such information as can be had from the proper administrative officers, may devise, to put in good condition and to improve the waterway of the Erie Canal; and that provision be made by law to enable the State Engineer, soon after navigation is opened, to measure the depth of water in the canal by cross sections as often as every four rods of its length, and on the upper and lower mitre sill of each lock.

INCOME AND OUTGO.

It will be seen that on the Erie Canal alone the surplus of income over expenditure is about 37½ per cent of the gross income. If the three other canals which are to be retained by the State as part of the system be included the surplus is but 11 2-5ths per cent.

TOLLS.

The present tolls on wheat are 3 1-10 cents and on corn 3 cents per bushel, from Buffalo to Troy—345 miles. They were reduced in 1870; those on wheat from 6 21-100th, or one-half, and those on corn from 4 83-100th to 3 cents, or about 38 per cent.

One cent per bushel taken off the present tolls, and the same proportion on other articles, would annihilate nearly all the net income of the Erie Canal, considered alone, and would make a deficiency, in respect to the four canals retained, of $500,000 a year if future expenditure should be the same as in these three years.

The Governor then considers that reduction of tolls must be prudent, and no rash innovations made.

FINANCIAL RESULTS OF THE LAST THREE YEARS.

The financial results of the fiscal years ending September 30, 1874, 1873 and 1872 for the Erie Canal and for the Champlain, the Oswego and the Cayuga and Seneca are as follows:—

ERIE.

Year ending Sept. 30.	Income.	Ordinary Repairs.	Extraordinary Repairs.	Total Expenditure.
1872...	$2,760,147 50	$1,055,079 09	$661 942 12	$1,667,021 11
1873...	2,710,601 49	749,977 03	967,175 39	1,717,152 42
1874...	2,672,787 22	701,340 81	973,548 96	1,674,889 77
	$8,143,536 21			$5,079,063 30

Income in excess of disbursement $3,064,472 91
Average for each year 1,021,490 97

CHAMPLAIN.

1872...	$150,644 28	$236,311 47	$251,871 61	$488,083 08
1873...	153,417 86	234,677 37	563,782 95	797,460 32
1874...	123,703 54	203,137 90	242,216 43	445,354 33
	$427,765 68			$1,730,897 73

Excess of expenditure over income $1,303,132 05
Average for each year 434,377 35

OSWEGO.

1872...	$90,746 57	$171,784 82	$141,673 94	$313,458 76
1873...	88,428 13	93,938 81	78,880 58	172,819 38
1874...	70,119 59	107,938 21	75,561 21	183,499 50
	$249,334 29			$669,787 64

Excess of expenditure over income $420,443 35
Average for each year 140,164 45

CAYUGA AND SENECA.

1872...	$17,882 58	$38,267 23	$26,319 00	$64,586 23
1873...	22,481 11	27,143 48	6,921 06	34,064 54
1874...	19,311 47	28,934 08	28,517 04	57,451 12
	$58,675 16			$156,101 89

Excess of expenditure over income $96,426 73
Average for each year 32,142 42

RECAPITULATION FOR THREE YEARS.
Income over Expenditure.

Erie $3,064,472 91

Excess of Expenditure over Income.

Champlain $1,303,132 05
Oswego 420,443 36
Cayuga and Seneca 96,426 23
.... $1,820,002 14
.... $1,244,470 77
Each year 414,823 59

THE PAYING CANALS.

It will be seen that during the last three years the income of the Erie Canal, considered alone, has been $8,143,536 21 and its expenses $5,079,063 30, yielding a surplus of $3,064,472 91, or an average for each year of $1,021,490 97. The excess of expenditure over income of the three other canals which are to be retained by the State has been $1,820,002 14, or three-fifths of the surplus produced by the Erie. Considering the four as a system collectively the surplus has been $1,244,470 77, or an average for each year of $414,823 59.

THE NON-PAYING CANALS.

During the same three years the five other canals to which the constitutional amendment applies have given an income of $119,864 45, or for each year of $39,964 81, against an expenditure of $1,596,499 74, or for each year of $532,166 59. They have consumed all the net income of the paying canals and have charged the State with a loss of $232,164 52, or for each year $77,388 17. In addition to this annual loss the whole burden of the sinking fund to pay the canal debt is thrown upon the State.

INCREASE INCOME BEFORE DISCARDING INCOME.

A careful investigation whether the net incomes of the canals retained cannot be increased ought to precede a surrender of what little now exists. Ordinary repairs should be scrutinized, with a view to retrenching their cost and to obtaining the largest possible results from the outlay. Extraordinary repairs include much which so regularly recurs in different forms that they must be considered a part of the maintenance of the works. No doubt they also include improvements which are of the nature of new capital. These and all improvements should be governed by a plan and purpose leading to definite results, and, instead of scattering expenditures on imperfect constructions, should aim to make complete and available the specific parts undertaken. Unity of administration and system, both in respect to repairs and improvements, should be established, even if only by the voluntary consultation and co-operation of officers having authority over separate portions of a single work. It is worthy of consideration whether any legislation can aid in securing the unity in this respect which existed under our former constitution.

The Governor then says that the State is the arbiter and trustee for all, and must aim to preserve for the metropolis its position as the carrier, merchant and banker of the New World.

After stating that the Champlain and Oswego canals are in a sense trunk canals, and that the Cayuga and Seneca connect interior lakes, the Governor discusses the project to abandon or sell the lateral canals, and alludes to their use as feeders of the Erie, and suggests a commission to investigate these subjects. The Message then proceeds at length with a discussion of the whole subject of currency and finance, showing the tendency of an inconvertible currency to inflate prices and provoke speculation, naturally to be followed by falling values and general distress.

RESULTS DURING TEN YEARS OF PEACE.

It is now almost ten years since the civil war ceased. That period ought to have sufficed to renew our productive industries, to repair the waste of our accumulated capital and to restore to our people a sound and durable prosperity. But an indispensable condition of such results was energy, skill and economy in production and frugality in public and private consumption.

MISUSED POWERS OF FEDERAL GOVERNMENT.

The federal government has all the while been the greatest single power in the country to influence results, not only by its own vast fiscal operations, its dominion over the currency and the business of banking and the effect of its transactions on investments of capital and on the temporary conditions of the money market, but by the ascendancy it acquired during a period of public danger over public opinion and over the conduct of individuals. It is to be deplored that this great capacity for controlling action and for leadership has not conducted us to better results.

The period has been characterized by unsound public finance, an uncertain policy in respect to the currency, a series of speculative excitements tending to unproductive enterprises and unremunerative investments of capital, and terminating in distressing reactions in credit and business; a want of efficiency and economy in production, extravagance in public and private expenditure, enormous taxation and complicated systems of revenue—which have increased the cost and wasted the fruits of that taxation, and rendered capital and labor less productive—and frequent spoliation of private and public trusts.

GOVERNMENTS TOO COSTLY.

In the decade beginning July 1, 1865, the people will have paid in taxes, computed in currency, $7,000,000,000. Three-fifths were for the use of the federal government and two-fifths for the State and municipal governments. It is, doubtless, true that some portions of the municipal expenditures were for objects not strictly governmental; but it cannot be questioned that much too large a portion of the whole net earnings of industry and of the whole net income of society is taken for the purpose of carrying on government in this country. The burden could more easily be borne when values were high and were ascending. As they recede toward their former level the taxes consume a larger quantity of the products which have to be sold in order to pay them. They weigh with a constantly increasing severity upon all business and upon all classes. They shrivel up more and more the earnings of labor. This condition of things ought to admonish us, in our respective spheres, to be as abstinent as possible in appropriations for public expenditures. If the cost of government in our country were reduced as it ought to be, one-third, it would still be larger than a few years ago, taking account of the prices of the products which, in order to pay that cost, we are compelled to convert into money.

TAXATION TOO BURDENSOME—THE PROSTRATION OF THE SOUTH.

The people are less able to bear such taxation by reason of the want of efficiency and economy in production, and the want of frugality in consumption, generated by the causes already indicated, and also by reason of the failure to completely renew the productive energies and activities of the States of the South, which furnish about half of the exportable commodities of the country other than specie; which are large consumers of our manufactures and productions, and which make us their carriers, merchants and bankers in all their domestic and foreign transactions.

It has been proudly ascribed to the humanity of our age that, since the surrender at Appomattox, not one life has been sacrificed to the policy of the victorious government. It is to be wished that we were equally free from the criticism that the retribution visited upon our former adversaries merely conforms to the higher modern estimate of property as compared with life; that, exercising a moral coercion, invigorated by a standing menace of military force, we have held those communities, bound in withes, to be plundered by rulers destitute of support in their public opinion, and without title to our own respect or trust.

FINAL ACCEPTANCE OF AMENDMENTS TO THE FEDERAL CONSTITUTION.

Such has been our course, after and in spite of the fact that these our kindred in a common ancestry, a common heritage and a common future, had joined at national conventions in the nomination of candidates and in the declaration of principles and purposes, which form an authentic acceptance of the results of the war, embodied in the last three amendments to the organic law of the Federal Union; and that they had by the suffrages of all their voters, at the last national election, completed the proof that now they only seek to share with us and to maintain the common rights of American local self-government, in a fraternal union, under the old flag, with "one constitution and one destiny."

There should be no misunderstanding as to this position of our Southern brethren or of any portion of our fellow citizens. The questions settled by the war are never to be reopened.

The adoption of the fourteenth, fifteenth and sixteenth amendments to the federal constitution closed one great era in our politics. It marked the end forever of the system of human slavery, and of the struggles that grew out of that system. These amendments have been conclusively adopted, and they have been accepted in good faith by all political organizations and the people of all sections. They close the chapter; they are and must be final; all parties hereafter must accept and stand upon them, and henceforth our politics are to turn upon questions of the present and the future, not upon those of the settled and final past.

THE PEOPLE MUST AGAIN ATTEND TO PUBLIC AFFAIRS.

The nobler motives of humanity concur with our interests in making us hail with heartfelt congratulations a real and durable peace between populations unnaturally estranged. The time is ripe to discard all memories of buried strifes, except as a warning against their renewal; to join altogether to build anew the solid foundations of American self-government. For nearly a generation the controversies which led to a fratricidal conflict have drawn away the attention of the people from the questions of administration, which involve every interest and duty of good government. The culture, the training and the practice of our people in the ordinary conduct of public affairs have been falling into disuse. Meanwhile the primitive simplicity of institutions and of society, in which government was little felt, and could be neglected with comparative impunity, has been passing away. If public necessities must wring so much from the earnings of individuals taxation must become scientific. In our new condition all the problems of administration have become more difficult. They call for more intellect and more knowledge of the experience of other countries. They need to become the engrossing theme of the public thought in the discussions of the press and in the competition of parties, which is the process of free institutions. The people must once more give their minds to questions that concern the ordinary conduct of government if they would have our country to start afresh in a career of prosperity and renown.

SAMUEL J. TILDEN.

APPENDIX.

BANKS.

On the 1st day of October last eighty-one banks were doing business under the laws of this State. During the fiscal year then ended five banks were organized and four were closed, one of which failed. Of the five banks created three were organized with less than $100,000 of capital each, under chapter 126 of the Laws of 1874.

Circulating notes to the amount of $6,368 were destroyed by the Bank Department during the year. Sixty-seven banks were credited with lost circulation to the amount, in all, of $285,559, the time for redeeming the same, after the usual legal notice, having expired. The amount of circulation outstanding, including that of incorporated banks, banking associations and individual bankers, was, on the 1st day of October last, $1,105,189 50. Of this amount the sum of $367,438 was secured by deposits of cash, stocks or stocks and mortgages. The residue, $737,751 50, is not secured, it having been issued prior to the passage of the General Banking law. Steps have been taken by twelve banks for the fiscal redemption of $160,301 of these unsecured notes, in accordance with the provisions of chapter 585 of the laws of 1873.

SAVINGS BANKS.

One hundred and fifty-six savings banks (two of which were closing) reported to the Bank Department on the 1st day of July last. Their assets, in the aggregate, amounted to $316,122,790, having increased during the year then ended $1,367,020. The increase in assets during the first six months of 1874 was $8,583,060. The number of persons having deposits in these institutions was, according to the number of open accounts January 1, 1874, 839,472, being an increase of 16,830 during the year.

TRUST, LOAN AND INDEMNITY COMPANIES.

On the 1st day of July last, twelve trust, loan and indemnity companies reported to the Bank Department, under chapter 324 of the Laws of 1874. The aggregate of capital paid in, as shown by their reports, was $11,752,040, and the amount due to their depositors was $38,479,764.

INSURANCE DEPARTMENT.

The number of insurance companies subject to the supervision of the Insurance Department, on the 1st day of December, 1874, was 282, as follows:—

New York joint stock fire insurance companies 102
New York mutual fire insurance companies 8
New York marine insurance companies 9
New York life insurance companies 26
New York Plate Glass Insurance Company 1
Fire insurance companies of other States 87
Marine insurance companies of other States 1
Life insurance companies of other States 27
Casualty insurance companies of other States 4
Canadian fire insurance companies 3
Foreign fire insurance companies 11
Foreign marine insurance companies 3

Total 282

The total amount of stocks and mortgages held by the Insurance Department for the protection of policy holders of life and casualty insurance companies of this State, and of foreign insurance companies doing business within it, was $10,404,953, as follows:—

For protection of policy holders generally, in life insurance companies of this State $3,689,891
For protection of registered policy holders exclusively 3,250,842
For protection of casualty policy holders exclusively 1,000
For protection of plate glass policy holders exclusively 50,000
For protection of fire policy holders in insurance companies of other States 40,000
For protection of fire policy holders in insurance companies of Canada 600,120
For protection of fire policy holders in foreign insurance companies 2,473,100
For protection of life policy holders in foreign insurance companies 300,000

Total deposit $10,404,953

QUARANTINE.

During the past year fifty-seven vessels arrived at the port of New York, in which, during the passage or while in port, sickness had occurred, rendering them subject to quarantine detention. Eight vessels had eleven cases of smallpox on board, from which 3,228 persons had been exposed to the disease; 121 cases of yellow fever occurred on forty-four vessels bound for New York, and twelve patients with this disease reached the port and were cared for at the Dix Island Hospital, of whom two died, and five cases of ship fever were removed by the Health Officer to the hospital. No cases of cholera occurred in the port, but several vessels arrived from ports infected with this disease, on three of which coming from India deaths from cholera occurred during the passage. No new disease called for any action by the Health Officer.

During the year an epidemic of malignant yellow fever raged in Havana with unprecedented violence, and prevailed in Rio Janeiro and in twelve other South American and West Indian ports, and also in Pensacola and some other Southern ports of the United States having extensive and direct communication with New York. In Havana the deaths from yellow fever reached the enormous extent of eighty per cent of the persons attacked, and, in some cases, vessels lying in that harbor during the summer lost all their crews except one or two. It is worthy of notice that, while in previous years nearly nine-tenths of all cases of yellow fever came from the port of Havana, so small a number reached here during the present year. This result, in the opinion of the Health Officer, is largely due to the sanitary precautions taken by the officers of the vessels, most of whom, being connected with regular lines, are becoming familiar with the quarantine regulations of the port, and with the rigid, though reasonable restrictions to which vessels having infectious diseases on board are subjected.

During the quarantine season, 1,135 vessels arrived at quarantine from suspected ports; of these 236 were from ports known to be infected and were detained, and 68 were required to discharge their cargoes on lighters in the stream before going to the city.

EMIGRATION.

The following table shows the statistics of emigration for the last fifteen years:—

Years	Commutation Fee	Aliens Arrived	Number of Emigrants cared for on Ward's Island	Total Cash Receipts	Total Cash Disbursements	Amount Paid for Real Estate and Buildings Included in Total Cash Disbursements	Amount Paid to Counties and Institutions of the State Included in Total Cash Disbursements
1860	$2 00-100	105,162	4,729	$289,407 92	$217,717 53	—	$58,169 08
1861	do.	65,529	5,079	175,434 56	178,401 77	—	19,855 93
1862	do.	76,306	8,247	174,454 29	138,524 54	—	16,016 06
1863	do.	156,844	4,911	341,027 00	168,155 71	—	15,792 22
1864	do.	182,916	7,363	420,366 17	373,763 39	$132,450 00	19,349 71
1865	do.	196,352	7,425	471,034 85	447,580 20	199,559 67	14,320 74
1866	do.	233,418	10,306	582,048 20	545,983 21	193,937 06	52,940 24
1867	2 50-100	242,731	13,237	583,154 49	588,577 22	133,095 17	33,945 57
1868	do.	213,686	14,250	677,349 36	662,958 12	125,769 74	†101,757 20
1869	do.	258,989	13,911	695,499 59	606,158 58	96,882 13	48,846 66
1870	do.	212,170	16,601	566,119 26	605,544 24	54,785 98	51,681 15
1871	1 50-100	229,639	14,369	421,957 40	605,904 17	96,419 47	39,829 58
1872	do.	294,581	15,818	457,011 70	596,793 78	129,765 07	51,556 81
1873	do.	268,818	12,942	415,063 28	466,108 22	61,188 46	32,678 24
*1874	do.	135,323	6,300	214,631 34	299,035 14	22,129 45	—
Tot'ls	—	2,870,464	150,488	$6,334,619 32	$6,445,206 84	$1,246,551 20	$557,419 49

* For eleven months.
† This sum included back claims.

PRESENT FINANCIAL CONDITION OF THE COMMISSION.

The indebtedness of the Board is as follows:—

Due the Equitable Life Assurance Society, amount borrowed on bond and mortgage of the lands at Ward's Island $100,000 00
Due the counties and charitable institutions of the State for the care and support of emigrants during the past 1½ years 75,000 00
Due for current expenses at Castle Garden 16,000 00
Estimated expenses of the Castle Garden and Ward's Island establishments for the month of December (including $10,000 due for coal) $30,000 00
Less cash on hand and estimated receipts 20,000 00
.... 10,000 00

Total estimated indebtedness December 31, 1874 .... $201,000 00

The number of emigrants at present cared for at Castle Garden and Ward's Island is 1,041, and in the counties about 900. During the months of January and February the number to be cared for at Ward's Island will increase to about 2,000, and in the counties to more than 1,200. On the 1st of January next the Commissioners will practically be without funds to care for these persons. The expenses of the Ward's Island and Castle Garden institutions will, during the months of January and February, be about $25,000 per month, while the receipts will not exceed $5,000 per month.

COMMON SCHOOLS.

The statistics of the common schools for the year ending September 30, 1874, are as follows:—

Total receipts, including balance on hand September 30, 1873 .... $11,944,023 38
Total expenditures 10,779,779 61
Amount paid for teachers' wages 7,559,090 59
Amount paid for schoolhouses, repairs, furniture, &c. 1,721,282 64
Estimated value of schoolhouses and sites 28,714,738 00
Total number of schoolhouses 11,775
Number of school districts, exclusive of cities 11,299
Number of teachers employed at the same time for the full legal term of school 18,554
Number of teachers employed during any portion of the year 29,683
Number of children attending public schools 1,039,097
Number of persons attending normal schools 6,568
Number of children of school age in private schools 138,610
Number of volumes in School District Libraries 835,882
Number of persons in the State between 5 and 21 years of age 1,501,874

SOLDIERS OF THE WAR OF 1812.

The last Legislature made an additional appropriation of one hundred thousand dollars ($100,000) for redeeming certain certificates issued to soldiers of the war of 1812.

The former appropriation paid on the certificates allowed $91 52 5-100 on $100 of principal

The appropriation of 1874 paid the balance due on the principal and $46 72 on $100 of interest.

WAR CLAIMS AGAINST THE UNITED STATES.

On the 1st day of January, 1874, the unsettled balance in favor of the State was $1,209,286 11. Since that time another instalment of over $34,000 has been presented to the Treasury Department. In the unsettled balance above stated is included a claim for $131,188 02 interest on Comptroller's bonds, which cannot be paid without legislative action.

SALT SPRINGS.

The quantity of salt from the Onondaga salt springs inspected during the last fiscal year was 6,594,191 bushels, less by 1,364,981 bushels than the production of the preceding year. The net revenue from this source was $10,341 67, showing a falling off as compared with the preceding year of $11,424 08.

STATE PRISONS.

The following statement shows the expenditures and earnings of each of the prisons for the year ending September 30, 1874:—

	Advances from the Treasury.	Received from Earnings.	Excess of Expenditures.
Auburn	$233,166 90	$101,910 40	$131,256 50
Clinton	337,678 12	153,473 60	184,204 52
Sing Sing	360,054 58	124,009 43	236,045 15
Miscell'eous expenditu's, not distribut'd, inclu'g $26,231 25 for transportation of convicts	—	—	37,031 25
Totals	$930,899 60	$379,393 43	$588,537 42

In 1867 the excess of advances from the Treasury over receipts from earnings was $366,874 79
In 1868 it was 512,447 74
In 1869 it was 595,774 45
In 1870 it was 461,304 90
In 1871 it was 470,309 23
In 1872 it was 465,881 84
In 1873 it was 697,289 08
In 1874 it was 588,537 42

The number of convicts in each of the prisons, September 30, 1874, was as follows:—

Auburn 1,202
Clinton 552
Sing Sing 1,306

Total 3,060
Total, September 30, 1873 3,028