THE CANALS.

Governor Tilden's Message to the Legislature.

Fictitious Improvements and Profitable Jobs Exposed.

THE FRAUDS IN "UNBALANCED BIDS."

A Proposed Reduction of Taxes of a Million and Three-Quarters.

THE STRATEGY OF CONTRACTORS.

Details of the Extraordinary Waste and Corruption.

CONTRACTORS PAID FOUR TIMES OVER.

Remedial Measures Proposed in Detail.

STATE OF NEW YORK, EXECUTIVE CHAMBER, ALBANY, March 19, 1875.

TO THE LEGISLATURE:—

I have received a petition from forwarders, boatmen and others engaged in transportation on the canals of this State, representing that the depressed state of their business calls for legislation, and necessitates a reduction of tolls, and requesting me to look into the condition of the canal commerce, and to make such recommendations to the Legislature as will lead to measures of relief.

Respectful consideration is due to so large and important a class of our business men. They are proprietors of about six thousand boats, which are said to give employment directly to thirty thousand persons, and indirectly to twenty thousand others. They are in the peculiar relation of partners of the State in a vast internal commerce; owning and managing the equipment while the State owns and manages the body of the canals. The State, therefore, not only has a common interest in the preservation of the joint business, but has a distinct and special interest in the ability of its partners to continue to perform their functions, without which the joint business could not be transacted. It cannot afford to suffer the equipment of the canals to be broken up; to allow a dispersion of the traffic, which, if once lost, will not be easily regained, or to omit any measures of retrenchment in expenditure or economy of administration which will enable it and its partners to meet successfully the increasing competition of the railways with each other and with water transportation.

Impressed with the considerations which induce a liberal policy on the part of the State towards its partners in the internal commerce it has seen fit to undertake, I am, on the one hand, predisposed to every practical and just measure for enfranchising trade and industry and cheapening the interchange of commodities, and, on the other, to listen to the rightful complaints of our people against the extreme burden of our present taxation and the prodigal and wasteful expenditure in connection with the canals, which is one of the main causes of such taxation.

I have, therefore, felt it my duty to devote the intervals of time I could command to a personal investigation of the subject, in order to be able to recommend to you such specific measures as the exigency seems to require, in the direction indicated in the following passage of the Message I had the honor to communicate at the beginning of your session:—

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. * * * 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 complete and make available the specific parts undertaken. Unity of administration and of system, both in respect to repairs and improvements, should be established.

INCOME AND DECREASE OF THE TOLLS.

Exhibit A is a comparative monthly statement of the tolls on all the canals for the years 1873 and 1874. It shows that during the months of October and November and a few days of December, which fall within the present fiscal year, in which period about one-quarter of the tolls of the year were collected, the decrease of tolls is from $836,123 27 to $638,132 96, or $197,990 31. The decrease is about one-fourth of that portion of the tolls. A corresponding decrease for the months of May, June, July, August and September, 1875, as compared with the same months of 1874, would amount to $600,000. That would leave the tolls for the fiscal year of 1875 at $2,037,000.

Assuming them to realize $2,250,000, we are next to find the probable effect of the reduction in rates which is now proposed.

EFFECT OF REDUCTION.

Exhibit B is a statement of the effect of the reduction in the rates proposed computed on the tolls of the calendar year of 1874.

If a similar computation be made on $2,250,000, instead of $2,657,070, the reduction of receipts to be produced by the lowering of the rates would be $634,832. The gross tolls accruing from all the canals for the fiscal year ending September 30, 1875, would be $1,715,168.

This diminution of tolls presents in a strong light not only the general depression of commerce, but particularly that of the special business of the boatmen and forwarders.

TAXATION FOR CANAL PURPOSES DURING FIVE YEARS FROM OCTOBER 1, 1869, TO SEPTEMBER 30, 1874.

The public mind is apt to be confused by the various methods in which the complex accounts of the State are kept. A careful analysis and comparison of those accounts enables the following results to be stated in a simple form:—

The total amount of the tolls on all the canals during the five fiscal years ending September 30, 1874, was	$15,058,361 75
The aggregate of ordinary expenses and ordinary repairs during the same period was	9,202,434 23
The apparent surplus was	$5,855,927 52
The aggregate of extraordinary repairs during the same five years was	$10,960,624 84
Deduct the apparent surplus	5,855,727 52
Real deficiency, being excess of repairs, ordinary and extraordinary, over the whole tolls	$5,104,697 32
Other payments were:—	
Interest $2,903,617 46	
Cost of premium on gold 7,8[illegible]1 8 35	
Cost of premium on stock purchased 31,736 00	
Transfer expenses, &c. 21,328 49	
	3,665,050 30
Actual cost, exclusive of reduction of debt	$8,769,757 62
Payment of debt:—	
Canal debt $2,334,350 00	
General fund debt, over the reduction of moneys in sinking funds 2,552,132 28	
	4,886,482 28
Contributions to general fund	200,000 00
Total	$13,856,239 90
The taxes levied for these purposes during the same period were	$14,789,848 25

All these payments are directly for canal purposes, except $2,552,132 28, which is in reduction of the general fund debt, and $200,000 which was supplied to the general fund.

These two payments also are indirectly of the same character. They but replace fresh advances made by the general fund to the canals.

In the five years anterior to the period under consideration, from October 1, 1864, to September 30, 1869, the taxes levied to meet deficiencies in the sinking fund were $1,873,030 54, and the taxes levied for extraordinary repairs, awards, &c., were $6,322,632 52, making $8,195,663 06.

The constitution (article 7, section 5) provides that "every contribution or advance to the canals or their debt, from any source, other than their direct revenues, shall, with quarterly interest, at the rates then current, be repaid into the treasury, for the use of the State, out of the canal revenues as soon as it can be done consistently with the just rights of the creditors holding the said canal debt."

In citing this mandate of the constitution it is not intended to revive the illusion that even the most recent advances of the State for the use of the canals will ever be restored to the treasury. There is little probability that they can be regarded as investments capable of producing a reliable income. So far as these enormous outlays have been usefully expended the State will have to find its compensation for the taxes it has imposed upon the people in the indirect benefits of its efforts to cheapen the interchange of commodities.

EXTRAORDINARY REPAIRS.

Exhibit C shows the expenditures for extraordinary repairs, &c., for each of the five years.

EXPENDITURES FROM TAXATION.

Exhibit D shows the expenditures from taxation for the sinking funds during the same period.

SURPLUS TOLLS.

Exhibit E shows the specific application of the surplus of tolls over ordinary expenses and repairs.

CHARACTER OF THE EXPENDITURE.

Some items of the outlay attract attention. On canals, which the amendment of the constitution authorizes the Legislature to abandon, there was expended for:—

Extension of the Chenango Canal	$676,158 68
Black River improvement	15,400 00
Oneida Lake	100,000 00
Extraordinary repairs	899,852 82
Awards, &c.	869,875 57
Total	$2,661,287 07

If the inability of these canals to meet their ordinary expenses, or indeed to make any respectable contribution toward that purpose shall compel their abandonment, this great expenditure will be a total waste of money, wrung from the people by taxation.

On the Erie Canal the following are two specimens:—

Work up to February 1, 1875, on contract on section 1 of Erie Canal, contracted at $74,183 40		$458,114 72
Work in Black Rock and Buffalo harbors expended	$717,333 00	
Engineering expenses estimated	71,733 00	
Additional appropriation unexpended	170,000 00	
		959,066 00
		$1,417,180 72
Total		$4,078,467 79

This constitutes four millions of the eleven millions expended and the twelve millions appropriated for canal improvements within the last five years.

In the meantime the whole expenditure—at rates far too costly—on the Erie canal for doubling locks was	$718,984 23
For taking out the wall benches	1,013,870 25
Total	$1,732,854 48

It is impossible, in the limited time which the exigency allows, to thoroughly investigate the vast mass of various outlays which have cost the people $11,000,000. But the necessity of determining at once the tolls and appropriations, a sense of how small a share of this burdensome taxation has attained any real utility, and how much of it has been wasted in unnecessary work or in the extravagant execution of improvements in themselves useful, and a clear perception of the main sources of the evils of administration and of reforms attainable by legislation without a change of the constitution, make it my duty now to recommend specific and affirmative measures of redress.

CAUSES.

It is not merely in the general laxity and demoralization of official and political life that we are to look for the causes of these evils. The interest which fattens on abuses of public expenditure is intelligent, energetic and persistent. Acting as a unit it takes part through its members in the organization and the doings of both political parties, seeks to control nominations, rewards friends and punishes enemies, and it begins to operate by every form of seductive and coercive influence upon public officers as soon as they are elected. The vast mass of the taxpayers are occupied in their daily industries, on their farms and in their workshops, and cannot easily, and do not, in fact, make a business of politics. In a silent contest with the tax consumers they are often practically unrepresented. It is only when they are aroused and organized, and can find representatives whom they trust, that they protect themselves and overwhelm all resistance. Useless works in the specious garb of improvements are undertaken, because of the indifference of the public officers, the inertness of the taxpayers, the indefatigable efforts of an influence seeking a benefit for its locality, which costs it an insignificant share of the burden imposed on the people, or the eager activity of the class who seek profit in contracts for construction without reference to the utility of the work. Vertical walls are made to provide wharves for private individuals, and bridges where no public interest requires them. Fictitious improvements are contrived to supply profitable jobs. Work of real utility is made to cost greatly more than its actual value.

In making these observations I do not leave out of view those honest citizens who, while employed upon the public works, have sought and obtained only a fair and just return for their labor, skill and capital. But in framing laws we must guard against the influence of self-interest upon the minds of honest men.

ORDINARY EXPENSES AND REPAIRS.

I renew the recommendation in respect to the canals which the recent amendments of the constitution empowered the Legislature to "sell, lease or otherwise dispose of," that while the manner of their disposition remains undetermined "no expenditures should be made on those works not strictly necessary in view of their probable future." In order to carry out this policy the appropriations for ordinary expenses and repairs upon them should be specified, separated from the provisions for the canals which the constitution requires to be retained; and should be reduced to the lowest practicable amount.

In respect to ordinary expenses and repairs to the canals which are to be retained as the property of the State, I recur to the suggestion which I had the honor to submit in the annual message:—

Ordinary repairs should be scrutinized with a view to retrenching their costs and to obtaining the largest possible results from the outlay.

In the present state of the prices of materials and the wages of labor, if the public officers can be inspired with a resolute purpose to make every expenditure for these objects effective, there ought to be no difficulty in reducing the appropriations from one-quarter to one-third below the amount provided for last year.

The present standard of repair and efficiency must be fully maintained.

Everything of good administration consists in the selection of the most necessary and useful objects of expenditure, and in securing the greatest effectiveness in the application of labor and the most advantageous purchase of materials.

If a determination to accomplish this result and a sense of accountability can be diffused throughout the agents employed in the public service, this object will be easily and certainly attained.

APPROPRIATIONS FOR EXTRAORDINARY REPAIRS.

The wisdom of abstaining from all new work, except that which is not only useful but absolutely necessary, is obvious. Every item should be scrutinized with jealous care.

The aggregate ought to be kept within $500,000, and as much below that maximum as possible. A thorough retrenchment in ordinary and extraordinary repairs will enable the State to remit for the present year, as compared with the last, to the boatman and transporters, from $500,000 to $600,000 of tolls, and at the same time to give relief to our over burdened taxpayers, in a reduction of taxes, to the extent of more than $1,750,000.

If the restoring of the Erie Canal to its proper dimensions and the deepening of the waterway, which is by far the most useful improvement contemplated, can be deferred till next year, after its present condition shall be accurately ascertained, and then be proceeded with gradually, there is little else which cannot wait.

Justice to the people and to the canals demands that all extraordinary repairs beyond what are clearly necessary to efficient navigation should be suspended until a thorough investigation shall show that every improvement proposed is really necessary and that the work is to be conducted under fair lettings and contracts and is to be faithfully executed.

ERIE CANAL.

At the opening of navigation the present season the double locks will be completed. The capacity of the Erie Canal to do an aggregate business will be several times the requirements of the largest tonnage it has ever had.

The removal of the wall benches will be so nearly completed that the advantages of that change will be practically secured.

On September 30, 1874, there remained of wall benches 24 48-100 miles on the towing path side, of which 12 25-100 miles are contracted to be removed, and 46 91-100 on the berm side, of which 7 50-100 are contracted to be removed, leaving 12 23-100 miles on the towing path side and 39 41-100 miles on the berm side, where the obstruction is much less important, or equivalent in all to 26 miles on both sides. That is less than seven per cent of the whole length of the canal.

The engineer's estimate of the cost of removing the remaining wall benches was in January, 1874, $711,140; and an appropriation of $360,000 was made by the Legislature of 1874, which will be available for expenditure during the present year.

As the only effect of the wall benches now remaining is that they contract the canal at its bottom from fifty-six feet to forty-two feet, and, in that proportion, the lower part of the prism, forming a section four feet above the bottom of the waterway—thus lessening the body of water in which the boat moves—or a fourteenth part of the length of the channel, and but one-nith of that on the towing path side—the inconvenience of their existence, to this limited extent, is not very great or emergent.

HOW TO IMPROVE THE CANAL.

In my judgment a far more important improvement of the Erie Canal would be effected by a thorough system of ordinary repairs which should give the waterway its proper and lawful dimensions; and by progressively deepening it, wherever reasonably practicable, from seven to eight feet. As the object would be merely to enable the submerged section of the boat to move in a larger area of water, so that the displaced fluid could pass the boat in a larger space, it would not be necessary to alter the culverts or other structures, or to carry the walls of the canal below the present bottom; and the benefit would be realized in each portion of the canal improved, without reference to any other part of the channel, which should remain unchanged. In facilitating the movement of the boat and quickening its speed it would increase the amount of service rendered in a given time, and would thereby diminish every element of the cost of transportation. It would benefit the boatmen and carriers more, even, than one cent a bushel remission of tolls. It would be of more real utility to navigation than five or ten times its cost expended in the average manner of so-called improvements on the public works. But it is too simple, too practically useful, to enlist the imagination of projectors who seek the fame of magnificent constructions and of engineers who build monuments for exhibition to their rivals, or to awaken the rapacity of cormorants who fatten on jobs.

I renew the recommendation of my annual Message upon this subject, and particularly "that provisions 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."

CANAL LETTINGS.

The constitution of the State provides that "all contracts for work or materials on any canal shall be made with the person who shall offer to do or provide the same at the lowest price, with adequate security for their performance." This requirement was intended to protect the State from extravagant contracts; but by artful bids, and, in some cases, by fraudulent combinations, it is made an instrument to defeat the very end had in view by its authors. I have examined more than one hundred contracts, and I find that most are so contrived that not only does the State in the end pay from two to four times the amount of the contract, but that the work is not given to the lowest bidder in fact, although it may be in form. This result is brought about by the following contrivance:—When a contract is to be let the engineer makes out an estimate of the quantity and kinds of work to be done. Those who make bids state at what prices they will do each kind of work or furnish each kind of material. These prices are footed up, and the bid which amounts to the smallest sum is accepted. The sum thus agreed upon averages but little more than one-half the amounts estimated by the engineer, and apparently the State makes advantageous contracts. On examination it will be found that the prices for the several items bear no relation to their real value. In some instances excavation of earth is put at one cent per cubic yard and in others eighty-five cents are asked. Excavation of rock blasted at one cent in some cases and $21 in others. Slope wall is bid for in some cases at twenty cents and in others at $2. Hemlock timber, which is worth at least $12 per 1,000, is in some contracts put at less than $3 per 1,000 and in others at $30 per 1,000. Oak timber in one instance is put at $1 per 1,000 and in others at $70. Some items are absurdly low, others unreasonably high.

In some instances a contractor will put in proposals on the same day for different jobs, but prices for the same kind of work or materials will vary in his several proposals several hundred per cent.

It is clear upon the face of such proposals that some fraud is designed, but the Commissioners have been in the habit of accepting them. I am happy to say that Commissioner Thayer at a recent letting rejected this class of proposals, which are known as "unbalanced bids." Heretofore they have been accepted, and not only has the State paid unreasonable prices, but more than one-half of the work on large contracts has been done and paid for without being advertised or offered to the lowest bidders.

The contractor gains these results by the following strategy:—

When the engineer's estimate of quantities and kinds of material are published by the Commissioners the contractor will find out, by collusion or in some other way, what quantities of each kind of work or material will, in fact, be required, or he will see what influence he can exert to change the contract after it is made. If it is changed no new letting is had, but he claims the job as his right.

He then puts in his bid, offering to do such work or to furnish such material as he finds will not be required at all, or in small quantities, at absurdly low prices—at a quarter or in some instances at a twentieth part of its cost. The items which will be required in full, and probably in extra quantities, he will put at unreasonably high rates, and it turns out that what the contractor offers at low prices is called for in small quantities, if at all, while those which are put at high prices are not only required in full, but in most cases in extraordinary quantities.

An example will more clearly illustrate how the State is defrauded by these devices.

The engineer having estimated certain work and material as follows:—

100 cubic yards of vertical wall at $3	$300 00
3,855 cubic yards of slope wall at $1 50	5,782 50
2,400 feet B. M. white oak at $ 0	120 00
60,000 feet B. M. hemlock at $15	900 00
Total estimate	$7,102 50
A's bid for the job at these rates amounted to	7,102 50
B's bid for the same was, for	
100 cubic yards vertical wall at $6	$600 00
3,855 cubic yards of slope wall at 30 cents	1,156 50
2,400 feet B. M. white oak at $70	168 00
60,000 feet B. M. hemlock at $3	180 00
and aggregated	$2,104 50

The proposal of B., apparently so advantageous to the State, was accepted, and the contract awarded to him as the "lowest bidder." But afterward, by some influence, it was decided to make only vertical, and no slope wall, and to use only oak and no hemlock timber. There was no reletting, although the agreement had been in fact revamped into a new and different contract, which enabled B. to collect from the State for

3,955 cubic yards of vertical wall, at $6	$23,730
62,400 feet B. M. white oak, at $70	4,368
—the sum of	$28,098

It will be seen that in such transactions—and they are numerous—in violation of the constitution, the contractor gets the work without there having been in fact any public letting or any chance for competition by others.

For the purpose of showing actual results of this system I state the following ten cases, which give the amount the State has paid on certain contracts in comparison with the sum for which the contractor agreed to do the work at the lettings made by the Commissioners:—

	Amt. of Contract Upon Exhibited Quantities at Contract Prices.	Amt. Actually Paid by State up to Feb. 1, 1875.
Contract No. 1	$74,183 40	$458,114 72
Contract No. 2	29,431 00	56,845 63
Contract No. 3	37,871 00	110,320 18
Contract No. 4	10,617 00	49,936 30
Contract No. 5	14,397 00	76,957 20
Contract No. 6	35,562 50	220,614 53
Contract No. 7	31,280 00	130,317 45
Contract No. 8	86,584 00	222,610 68
Contract No. 9	9,504 00	41,127 55
Contract No. 10	45,300 00	191,915 55
Totals	$424,735 90	$1,560,769 84

These show that the State has already paid nearly four times the amount which was involved by the terms of the contracts, and though this excess amounts to more than a million of dollars some of the expenditures are still going on, with no prospect of completion. It also appears that of the expenditures of $1,560,769 84, only $424,735 91, less than one-third, was submitted to a public letting.

By manœuvres of this character the cost of public works is run up to extravagant sums. Appropriations are absorbed, deficiencies are created to be paid by new appropriations, and the people are loaded down by taxes.

REMEDIAL MEASURES.

Desiring to co-operate with you in a reform of existing abuses, and of the systems which have conduced to them, I submit to your consideration such suggestions for new legislation as seem to me adapted to meet the wishes and protect the interests of our common constituents.

ENGINEERS' ESTIMATES.

Methods ought to be devised to make the estimates of the kinds and quantities of work, exhibited on the quantity sheet for lettings of contracts, to conform to the actual work to be done. On a change of a plan or specifications of a contract the work under the old contract should be closed and a new letting should take place.

BIDDINGS.

The law authorizes the Canal Board to make regulations as to the biddings, and one of those regulations provided for discarding bids which show bad faith upon their faces. As the officers who let the contracts have not enforced this regulation, except in a recent case, a law should be passed defining their rights and duties in this respect. I recommend that hereafter the bids be opened and the awards of contracts be made by the Canal Board. It is a larger body, and contains the officer who is charged with the fiscal administration of the State, and also the State Engineer. It was formerly vested with these duties, and the change was only made to serve a temporary party object.

OFFICIAL ACCOUNTABILITY.

In the organization of governmental powers two conditions seem essential to the well working of the machinery of administration:—First, while undue concentration of powers should be avoided, and checks and balances in the requirement of the concurrent action of several persons are preserved, a certain unity of function and of organization is necessary to enable the people to enforce any real responsibility.

An issue in regard to the conduct of public officers, or in regard to a policy of administration, should be submitted to the people with the simplicity of an issue to a jury to common law. The million of voters in the State cannot resolve themselves into a committee of investigation to ferret out by long and tedious search the particular wrongdoer. They cannot convert themselves into a court to go through a complicated and protracted trial. Amid numerous and changing objects of interest which attract their attention, they cannot devote themselves to a single specific measure of ordinary importance for three successive years. All schemes of administration which involve such impracticable demands for the co-operation of such vast numbers of individuals discard the idea of representation in government. They compel the whole voting mass to conduct the complex affairs of human society in person. They are snares invented to destroy the power of the people in their own government, to neutralize the elective principle and to create official irresponsibility.

THE CANAL BOARD.

The members of the Canal Board, other than the Canal Commissioners and Lieutenant Governor, are all chosen at one election. The elective power of the people is effectual to make a change of persons or policy. But the Canal Commissioners are elected one each year, and it takes three years to make a complete change. They have practically ceased to act as a Board. Each one carries on his administration over his division of the canals as if he were a totally independent authority. They make three separate reports. Each one prepares a separate annual estimate for future expenditures. They formerly sat as members of a Board of Canal Commissioners, who consulted, decided and acted as one integral body. Their most important functions were performed as members of the Canal Board or in concert with the Canal Board, which embraced the great officers of the State, including its fiscal representative, who is under an ever active pressure to make both ends meet in the financial affairs of the State. They were practically subordinate to the fiscal members of the administration.

Secondly—It is fundamental that the spending officers must be subject to the influence and control of the officers whose duty is to provide the ways and means. No great corporate business, no private affairs, could be conducted successfully on any other plan. The experience of the State, under a system in which the officers who initiate expenditure and control the application of the public money and the execution of public work have been independent and practically irresponsible has been fruitful of irregularities, extravagance, waste and corruption. There have been several futile impeachments, but no real remedy.

It does not seem expedient to wait for a change which involves an amendment of the constitution, and will, therefore, take several years. There are measures within the competency of the Legislature which can be put into immediate operation, and which will have great efficiency to remedy the evils.

Among these the suggestion has occurred to me that an Inspector of Public Works can be created by law, who shall be invested with full powers of investigation and shall report to the Governor and Legislature, and who shall derive his appointment from a source completely independent of the canal officers.

Another expedient worthy of your consideration is to enforce the accountability of the officers charged with the disbursement of the public money by a liability to summary removal or suspension.

The constitution (article 10, section 7) commands:—

Provision shall be made by law for the removal for misconduct or malversation in office of all officers (except judicial) whose powers and duties are not local or legislative and who shall be elected at general elections, and also for supplying vacancies created by such removal.

At the close of the session of the Convention of 1846, on the day before its final adjournment, it was discovered that, except in the case of the treasurer, no provision had been made for the removal of State officers having charge of public funds who had been made elective by the people of the whole State. The Convention, not undertaking at so late a period to devise a system, devolved that duty on the Legislature. This power has remained twenty-nine years unexecuted.

It is a duty of the Legislature which ought no longer to remain unperformed. Applied to the Canal Commissioners, who are agents not only in the application, but in the custody and disbursement of the public moneys, and to the State Engineer, who, with his subordinates, exercises great power over the expenditure by his estimate of the cost and certificates of the performance of work, it would be an improvement upon our administrative system, in accord with the intention of the constitution, with sound principles of government and with the indications of experience.

Provision ought also to be made by law for regulating the formation of the annual estimate for future expenditures. It ought not only to be the result of consultation between the Canal Commissioners, but should have the written approval of the State Engineer as to the necessity and cost of the work, and of the Comptroller as to its propriety, considered in connection with the financial administration.

It would doubtless be a valuable improvement to create a paymaster appointed by the Commissioners of the Canal fund, who should be accountable to the Auditor, and should make all payments on the certificates of the Canal Commissioners and State Engineer. With these provisions the control of the State Engineer over his subordinates might properly be enlarged.

AN EXAMINATION OF THE WORKS.

I have deemed it my duty to look beyond the abuses practised in the letting of contracts, and to see if the materials have been delivered and the work has been done for which so many millions have been paid out by the State, and also to learn if the locks, walls and other structures have been built in a faithful way and in compliance with the contracts. I am satisfied, from information I have already gained, that there should be an investigation of these subjects. It is my purpose, with the aid of the members of the Canal Board, to have an examination made of our public works and to learn their condition. It may be too late to detect all frauds, but many may be exposed and punished and a check put upon practices so destructive to morals as well as to the public interests of the people of the State.

"OUR DUTY IS CLEAR."

It is clear that under the present system of canal management the people will not be relieved from taxation, the boatmen from high tolls, or the needed improvements of the Erie and Champlain canals be finished. It is in our power to gain these great objects by a wise and honest policy of retrenchment, reform and official responsibility. Unfortunately the abuses now practised against our canals and their commerce are exciting strong prejudices against these great public works rather than against the wrongdoers and the wrongdoing which tend to destroy them.

Our duty is clear. Let us cut off the expenses which divert revenues from general improvement of the canals to local or individual purposes, make every official, every employé, every contractor feel that the laws you have just passed against fraud will be enforced, and our canals will be finished, their commerce revived, and taxation will be lessened not only as it oppresses the boatmen but also all other classes of our citizens.

There is no real antagonism between the boatmen and forwarders who seek a fair compensation for their services, the public who desire cheap transportation and the people who justly claim some relief from the present intolerable pressure of taxation. Their interests are joint. Whenever these classes are brought into a false position of apparent hostility it is sure proof either of a bad state of laws or an unfaithful performance of official duties. Whoever, for illicit gain, despoils or wastes the resources applicable to these objects, is the common enemy of the boatmen and the taxpayers, who must unite to enforce measures of reform and redress.

SAMUEL J. TILDEN.

APPENDIX.

EXHIBIT A.

A COMPARATIVE MONTHLY STATEMENT OF THE TOLLS FOR 1873 AND 1874.

Months.	1873.	1874.
May	$258,028 29	$361,898 96
June	439,883 24	493,309 57
July	456,825 67	413,525 09
August	455,799 83	308,769 10
September	520,053 40	422,331 24
October	529,214 91	362,463 83
November	304,610 00	243,569 38
December	2,298 36	2,102 75
Totals	$2,976,713 57	$2,637,070 92

EXHIBIT B.

STATEMENT OF THE AMOUNT OF REDUCTION OF TOLLS WHICH WOULD RESULT FROM THE PLAN PROPOSED BY THE COMMITTEE OF THE CANAL BOARD, COMPUTED ON THE BUSINESS OF 1874. THE REDUCTION PROPOSED IS AS FOLLOWS:—ON WHEAT, CORN, RYE, BARLEY AND OATS, ONE-THIRD; ON PRODUCTS OF WOOD, ONE-QUARTER; ON MERCHANDISE, ONE-HALF.

	Tolls at Rates of 1 74.	Tolls at Proposed Rates for 1875.	Loss by the Reduction.
Wheat	$655,0 3 00	$163,835 00	$231,663 00
Corn	560,297 00	333,533 00	166,765 00
Rye	4,504 00	3,002 00	1,502 00
Barley	42,264 00	28,179 00	14,085 00
Oats	52,383 00	34,926 00	17,463 00
Prod'ts of wood	718,417 00	538,812 00	179,605 00
Merchandise	60,110 00	30,055 00	30,055 00
Totals	$2,072,994 00	$1,431,350 00	$641,144 00

Total tolls	$2,637,071 00
Total tolls, boats	160,328 00
Tolls on freight	2,476,743 00
Total tolls collected at the tide water offices in 1874, on freight going west and north	233,200 72

EXHIBIT C.

STATEMENT OF THE SUMS DERIVED FROM TAXES, APPLIED DURING EACH OF THE SEVERAL YEARS, TO WORK ON THE CANALS, ETC.

Date.	Damages and Awards.	Extraordinary Repairs.	Imp. and Enlargement of Champlain Canal.	Extension of Chenango Canal.	Imp. of Black River and Removal of Dam in Lake Canals.	Totals.
					BLACK RIVER. $15,400 00	
1870	$353,360 04	$1,016,523 73	$8,000 00	$200,000 00		$1,587,183 77
1871	580,336 47	2,294,139 20	161,713 61	200,100 00	ONEIDA LAKE.	3,635,088 28
1872	—	—	402,797 47	175,000 00	$25,000 00	1,072,797 14
1873	772,174 62	1,422,493 41	69,544 75	101,158 85	50,000 00	2,415,846 49
1874	677,675 00	1,756,304 11	—	—	25,000 00	2,458,018 16
	$2,483,546 13	$8,987,984 19	$642,056 83	$676,258 85	$115,400 00	$10,968,634 84
Sinking fund, as per table No. 1			$676,155 68			$2,996,615 06
Total. The tolls levied were in excess of the taxes applied, as shown in this table						$13,965,249 90
Total taxes levied for canal purposes						$14,789,848 25

EXHIBIT D.

STATEMENT SHOWING THE SUMS DERIVED FROM TAXES TO SUPPLY DEFICIENCIES IN THE SINKING FUNDS FOR PAYMENT OF PRINCIPAL AND INTEREST OF THE CANAL DEBT AND TO PAY PRINCIPAL AND INTEREST OF THE FLOATING DEBT UNDER THE CONSTITUTION (ARTICLE VII., SECTION 12.)

Date.	Sink'g Fund, Article 7, Section 1.	Sink'g Fund, Article 7, Section 3.	Sink'g Fund, Article 7, Section 12.	Total.
1870	—	—	$227,864 79	$227,864 79
1871	—	—	240,057 63	240,057 63
1872	—	$913,866 65	251,4[illegible] 90	1,165,3[illegible] 55
1873	—	—	250,271 15	250,271 15
1874	$195,000	575,339 09	260,879 23	1,031,218 32
Total	$195,000	$1,489,206 34	$1,211,[illegible] 72	$2,895,615 06

EXHIBIT E.

DISTRIBUTION OF THE SURPLUS CANAL REVENUES FOR EACH OF FIVE YEARS, COMMENCING WITH 1870.

Years.	Surplus.	Sinking Fund, Article 7, Section 2.*	Sinking Fund, Article 7, Section 3.	Fund for Support of Government, Section 3.
1870	$569,974 61	$569,974 61	—	—
1871	981,588 68	981,588 68	—	—
1872	1,204,571 35	1,204,571 35	—	—
1873	1,623,246 80	1,500,000 00	$123,246 80	—
1874	1,478,606 08	—	1,278,606 08	$200,000 00
Total	$5,855,927 52	$4,254,134 64	$1,401,792 88	$200,000 00

Sinking fund, Article 7, section 2	$4,254,134 64
Sinking fund, Article 7, section 3	1,401,792 88
Fund for support of government, Article 7, section 3	200,000 00
Total	$5,855,927 52

* The contribution to this sinking fund in 1873 was a final contribution.

COOPER UNION LECTURES.

The next lecture in the Cooper Union Free Course will be delivered this (Saturday) evening in the great hall, at eight o'clock, by Professor William H. Goodyear, on "The Di Cesnola Collection," illustrated by the stereopticon.

RAPID TRANSIT.

ACTIVITY OF THE GREENWICH STREET ELEVATED ROAD—ACTION OF THE NEW YORK ASSOCIATION.

It is surely one of the strangest evidences of the short-sightedness of the people who desire the means to travel speedily from end to end of this city that they do not put into use those things which lie at their disposal. They look over a wide field to see what elements they can find to combine into a harmonious system of rapid transit railways, but seem to throw their glances beyond what ought to be the initial line of that system. That initial line is the Greenwich Street Elevated Railway, and there is no one who has studied the problem of rapid transit but must say that this railway is the most important factor of its solution. It is certainly not a perfect railway and its trains carry passengers by no means as fast as people ought to travel in New York; yet it is a beginning, and to make it very near akin to a first class rapid transit railway would cost, in time and money, very much less than the value of the time which will be lost by our citizens ere a new elevated railway can be finished or even begun. Those anxious citizens of the upper west side of the city, who deplore the lack of facilities to go rapidly to and from their homes and business places, appear to have the providing of such facilities at their command; yet they throw their opportunity to one side and come down town to talk about rapid transit. Certainly if they talk long enough they will spur on somebody to effect something which will be an impulse to the completion of a thorough rapid transit railway; but would it not be better for them to act instead of talking?

THE GREENWICH STREET ELEVATED RAILWAY now runs its trains to Thirty-fourth street, but if it can procure the means to construct and equip its roadway it can extend that to the Harlem River. For some time past the stockholders of this company have been intent upon extending its roadway to Fifty-ninth street, and for that purpose they have been making up a necessary sum of $600,000. That amount is now nearly subscribed, and it is expected to begin the work of extending the railway in about two weeks. About the same time the company will commence the construction of turnouts at different points along the line of its roadway of such length that a train may run upon each while another train is passing it on the main line. By means of these turnouts the trains will be enabled to run faster, and hence at more frequent intervals than they do at present. It is expected that when these improvements have been made to the railway the trains will run with ten minutes' headway from each of its ends.

The work of strengthening the roadway with truss rods and braces is now nearly completed, and that of replacing the present iron rails with pieces of steel will be pushed on with vigor. The railway will be completed, so the officials of the company say, from the Battery to Fifty-ninth street, by the 1st of July. After that an appeal will be made to the residents of the upermost sections of the city to subscribe to the capital stock of the company enough money to permit it to extend the Elevated Railway to the Harlem River. If that appeal is successful it is likely that there will be a rapid transit railway running along the west side of the city before the discussion now going on decides as to the means to construct railways in other sections.

It was expected that a meeting would be held yesterday afternoon in the rooms of the METROPOLITAN TRANSIT COMPANY, No. 152 Broadway, at which Mayor Wickham, other city officials and interested citizens would be present to inspect the models for the roadway of that company. The meeting did not occur, however, because the Mayor was unable to attend it.

The Committee on Nominations of the New York Rapid Transit Association met yesterday afternoon in the office of Drake Brothers, No. 66 Broadway. Their deliberations were private, of course, but their selections of men to be the officers of the association will be reported on Tuesday next, at the meeting to be held then, in the rooms of the Board of Insurance.

A CRUMBLING HOSPITAL.

THE BUILDING DEPARTMENT CONDEMN THE PARK HOSPITAL—THIRTY LIVES IN DANGER—WHY IS IT NOT INSTANTLY CLEARED OF ITS INMATES AND A GREAT DISASTER AVERTED?

Some four years ago, under the old Commissioners of Charities and Correction, the Mayor and Commonalty of the city set apart a building on the Centre street side of the City Hall Park for the reception of sunstruck patients, and it has been occupied as a hospital ever since. Daily for nearly three years persons have scrutinized the walls, and, finding them cracked and bulged, wondered why it was not vacated or ordered to be torn down by the Department of Buildings to guard against the killing of sick and disabled patients. Time and again hints have been thrown out that the inmates were sleeping

NIGHTLY IN THE PRESENCE OF DEATH,

and when, during the past winter, the hospital was temporarily closed for repairs, the curious were anxious to know the cause. At last they are likely to be gratified. Since the St. Andrew's church disaster the inspectors of Buildings, who must long have been aware of the dangerous character of the structure, have inspected this building, and on Wednesday last it was

OFFICIALLY REPORTED DANGEROUS.

The following is the record of such report:—

DEPARTMENT OF BUILDINGS, CITY OF NEW YORK, OFFICE, NO. 2 FOURTH AVENUE, NEW YORK, March 17, 1875.

In the matter of the unsafe building west side of Centre street, 140 feet south of Chambers.

TO THE MAYOR, ALDERMEN AND COMMONALTY OF THE CITY OF NEW YORK:—

You will please take notice that the building situated on the front of the west side