

1. Do.	interest payable semi annually, and principal, by instalments of \$30,000, on 1st January, 1851, 1852, 1853, and the residue on 1st July, 1854.	106,500
2. Balance due to the Literary Fund for that amount, paid by the Public Treasurer from time to time; interest payable annually, principal at the pleasure of the Government.		118,192
3. Bonds of the Public Treasurer, given to the President and Directors of the Literary Fund, for like amount transferred to the Public Treasury; interest payable annually, principal at the pleasure of the Government.		40,360
4. State Bonds, issued by Public Treasurer to pay the Banks, &c., by resolution of the last Assembly; interest payable semi-annually, principal after 10 years.		200,000
5. By endorsement of Wilmington and Raleigh Railroad Bonds by act of 1848; interest payable semi-annually, principal by instalments of \$50,000 on 1st July, 1850, 1851, 1852, 1853, and 1854.		250,000
6. Stock in Fayetteville and Western Plank Road; interest payable semi-annually, principal after 20 years.		120,000
7. Stock in Deep River and Cape Fear Navigation Company; interest semi-annually, principal to be provided for.		80,000
8. For amt appropriated by act of 1848 for improving Neuse and Tar Rivers; interest payable semi-annually, principal to be provided for.		65,000
9. For Stock in the "North Carolina Railroad" by act of 1848; one fourth of which is to be paid when the work shall be commenced, and the remaining three fourths in equal instalments, at intervals of six months thereafter; interest payable semi-annually, principal after 30 years.		2,000,000
10. For money borrowed from the Bank of Cape Fear.		40,000

various causes, but chiefly from the want of means, remained for nearly half a century dormant and unheeded.

In the year 1825, a law was passed upon the subject for the first time; a fund was created, a Board established to invest and manage it, and after a successful accumulation of its proceeds, an act was passed in the year 1840, establishing a system of Common Schools and directing an annual distribution to be made among the People of the net annual income of this Fund.

I call your attention to the fact that, by the law of 1825, this fund was set apart for the education of the youth of the State, and a Legislative pledge was therein given to the public, that the annual income "should be divided out among the counties in proportion to the free white population of each."

In the year 1840, when the system was put into operation, this division was ordered to be made among the Counties, not in proportion to their white, but federal population. By this process, those counties in the State, containing a sparse white population and but few white children to educate, yet containing many slaves and free negroes, receive the larger portion of this public bounty; while those counties having a large white population and many children to educate, yet having few slaves and free negroes, receive the smaller share.

This arrangement I hold to be wrong.

This common Fund having been provided and designed for the education, not of the rich, nor of the poor, exclusively, but for all white children of the State alike, ought, in my judgment, to be divided equally amongst them, whether their residence happens to be, or not, to be in a community holding slaves and free negroes.

It should be borne in mind that the capital from which this annual income proceeds was not raised by taxes on Federal population, but from other sources of public revenue. The argument, therefore, that this distribution should be made among the people according to federal numbers, because it was derived from them, on that basis of taxation, is without foundation.

As to the argument that a portion of the capital was received from the General Government in her distribution among the States of the surplus revenue, and that should North Carolina be called upon to refund the money, it would be raised by taxing Federal population, it is a sufficient answer, that at this late day, no man seriously entertains the opinion that the States will ever be called on to refund that money. And, moreover, it must be borne in mind that that portion of this surplus revenue which constitutes a part of our Literary Fund, was invested in the stocks of the Bank of the State and of Cape Fear, and if a return of it shall become indispensable, it can be readily effected by a transfer or sale of the stock, and not by the imposition of taxes of any sort.

exigency. According to the provisions of the existing law, the several County Courts may, in their discretion, levy a tax, as other taxes are levied for county purposes, not less than one half the amount annually received from the Literary Fund. Were this provision compulsory, or carried out in good faith in all the counties, the fund would be so augmented as to increase the number of schools and also the length of time they might be kept up. But it is believed that there is no uniform rule upon this subject. Some of the counties, with commendable spirit, levy a fair tax, others levy a very small one, while very many of the counties levy no tax at all.

Hence it results that in those counties, dependent solely on the Literary Fund, the sum they receive, when subdivided among a large number of school districts, is so small for each that many of the districts have no schools at all and derive no benefit from the provision.

It is believed, that in many parts of the State public attention has not been sufficiently awakened to the great importance and blessings of the limited and partial instruction even, to the rising generation, which may be obtained in these schools.

Our people do not take hold of the subject with that energy and spirit essential to its success. A general listlessness prevails.— Those that can afford it, send their children elsewhere to school, while the poorer classes keep their at home to work. Throughout the State you see everywhere on the highways school houses deserted, the doors broken from their hinges, and the grass growing in the yard. Why is this? Begbies there, already alluded to, one prominent cause, doubtless, is the difficulty of procuring proper Teachers, qualified by education and good morals, to direct the young. Our men prefer, for the most part, more active employment. Let female Teachers then be patronised and employed. They would be satisfied with smaller compensation, while their soft and gentle manners, purer morals, greater tact in instructing young children and taming the wild and stubborn, fit them in a peculiar degree for this office.

In some of the counties, I am happy to be able to say, that their schools are well managed and are accomplishing, with marked effect, the beneficent results aimed at by the laws, and it is to be hoped that such is the case in others. But there is no official information upon the subject, and what I design to say is, that the very want of this information demonstrates the absolute necessity of some radical amendment. This necessity suggests the expediency of creating a new officer in the Government, to take the general charge of this whole business, in accordance with the practice in other States, and with the earnest and repeated recommendation of my predecessors.

This officer might be designated the Minister of Public Instruction, or the General Superintendent of Common Schools. I should be made his duty to examine all the public schools in the State, ascertain the length of time each district school is kept up, the number and qualification of Teachers, the mode of instruction; to direct the arrangement of school houses, and procuring proper school books, the settlement and arrangement of the financial department; and he should be required to make a report to the Legislature upon all these matters, with such observations as experience might suggest, upon the general condition and efficiency of our system, and the most practicable means of improving it. The duties of such an officer would be laborious, and the salary should be such as would command the most eminent qualifications, and engage undivided attention.

His compensation might be charged upon the Literary Fund, and not drawn from the general treasury; and it would be returned to that fund in ten fold value, by imparting healthfulness and vigor, and efficiency to the system.

The last General Assembly seems to have been fully aware of the necessity of some general supervision; but while they declined to authorize the appointment of one general supervisor at a reasonable salary, they authorized each County Court to appoint one for each County, at a salary of \$250 each, with power given to the Courts to lay a tax to pay it.

In my judgment it is much better to have one general superintendent, competent and responsible, at an expense of \$2,000, paid from the Literary Fund, than to have seventy-nine superintendents dispersed through the State, without concert or union of design and action, at an aggregate expense of \$19,700 per annum, drawn, too, from the pockets of the people by taxation.

Our common school system, then, regarded either in the light of the patriotic and noble purposes intended to be accomplished by it, or considered with reference to the proper direction and fair disbursement of so large a sum of public money, requires thorough revision and amendment.

Having been a member of the Literary Board from its first organization, and having bestowed some attention upon this subject, I feel, in conclusion, fully warranted in recommending, as the most effectual means of attaining the ends referred to, the appointment of a general superintendent of common schools for the State.

The President and Directors of the Literary Fund will, in due time, submit a report, showing in detail the state and condition of this Fund, and the proceedings of the Board on other subjects committed to their management.

Carolina, exhibit the fruits of an awakened sensibility, and point with unerring certainty and force to the prosecution and completion of others not yet commenced.

The extension of the North Carolina Rail Road East and West, connecting it, on one hand, with the commerce of the Atlantic Ocean, and, on the other, with that great current and stream of intercommunication in a high degree forming the ligaments and arteries of the National Union, must occupy a prominent position in any scheme promising to enable and improve the State.

Other works, more sectional in their character, will readily present themselves to the favorable consideration of those more immediately interested in them. To what extent it will be prudent at this time to embark in new works of internal improvement, until ample means shall have been provided for the faithful and energetic completion of those already authorized and undertaken, it is not for me to say.

Raleigh and Gaston Rail Road.

The Raleigh and Gaston Rail Road being now the property of the State, will claim that attention which is due to it, as well from the consideration of its convenience and value to a large portion of the State as on account of the deep pecuniary interest which is attached to it as the State's property.

The superstructure of the road, both of iron and wood, is in a very dilapidated condition, and extensive repairs are absolutely indispensable to its further use. The Commissioners to whose care the Legislature committed it, have, with watchful diligence and with the efficient aid of the President and the other officers of the Road, kept it up; and by curtailing expenses, reducing salaries and enforcing the strictest economy in all its departments, have been able to continue its operations without making it a charge upon the State. Its receipts for the year 1849, have been equal to about \$62,150, and for the year 1850, \$68,055, the whole of which has been consumed in the ordinary current expenses, and in the purchase of new iron and repairs.

To enable you to understand the true state and situation of this property and to legislate intelligibly upon the subject, the Board of Commissioners employed Maj. S. M. Fox, an engineer of skill and experience, to examine the whole line of the road and its appurtenances, the grading, the superstructure, the Bridges, Depots, Engines, &c., &c., and to make a report thereon. This will present a more reliable and satisfactory account of it than could be given by the Board of Commissioners, or the officers of the Road, or by any committee of the General Assembly. This report will be laid before you in a short time, together with a report of the President of the Road, and the proceedings of the Board of Commissioners for the two years last past.

State's Claim on United States.

In accordance with a resolution adopted by the last General Assembly, relating to the State's claim against the General Government, for money advanced, and transportation furnished to the North Carolina volunteers in the recent war with Mexico, at an early day after the adjournment of the Assembly, I procured from the Comptroller's Office the vouchers and papers pertaining to the claim, and caused them to be presented to the War Department at Washington, for the payment of the principal and interest, according to the provisions of the Act of Congress upon that subject. This claim of the State amounts, in principal money, to \$9,467.73.

In the month of April ensuing, I was notified by the second auditor, that the sum of \$85 25 had been allowed and would be paid upon proper application, while the residue of the claim had been rejected. Whereupon, I addressed a letter to the Secretary of War, desiring to know the grounds of this decision and to learn whether it were in my power to remove the objections. His reply terminated our correspondence upon the subject, and at an early day after the commencement of the late session of Congress, I addressed a circular letter to each of our Senators and Representatives, calling their attention to the matter, and inviting their co-operation in having payment of the claim provided for by an act of Congress. A bill was accordingly introduced in the Senate by Hon. Mr. Badger; it was passed by that body and sent to the House of Representatives, where it remained, without any final action had upon it, until the termination of the session.

During the pendency of the bill before the House of Representatives, I was again notified by the 2nd auditor, that the additional sum of \$109 had been allowed at his office. No steps have been taken to place these thirty sums in the Treasury. No valid reason can be shown why this claim of North Carolina should be rejected, while similar claims from other States have been freely allowed and paid.

Western Turnpike and Cherokee Lands.

An act was passed at your last session to provide for a Turnpike Road from Salisbury, West, to the line of the State of Georgia. By this act, it was made the duty of the Governor to appoint a competent and experienced Engineer and three Commissioners to survey and locate said Road; and upon the report of the Engineer and Commissioners being presented to the Governor, it was made his duty further to appoint one of said Commissioners, or other suitable person, to act as Agent of the State to contract for, and superintend the making of said Road.

The demand, in the neighboring States, for men of science and practical skill in civil engineering, for their various public works of Internal Improvements, was such, that I met with some difficulty and delay in procuring the services of a suitable Engineer for the work in question. Major S. Maylan Fox at length presented himself, and being satisfied entirely of his skill and fitness, I appointed him Engineer, and Messrs. Andrew H. Shuford, of Catawba; Joseph J. Erwin, of Rutherford; and George W. Hayes, of Cherokee county, Commissioners under the act. Subsequently, Joseph J. Erwin resigned, and I appointed E. D. Austin, of Rowan, to supply the vacancy. The extent of the reconnoissances and the number of experimental lines necessary to be run to determine the most eligible route for a Road traversing a succession of mountains, which had unavoidably to be crossed, required greater

labor and consumed more time, than was anticipated. Since the completion of the survey, the Engineer and his assistants have been engaged in making such a map, profile and description of the Road, as would be indispensable to the State's Agent charged with letting out and superintending its construction.

This has delayed the report of the Engineer and Commissioners, and no agent to contract for and superintend the work has been appointed.

In a few days I shall make you a special communication, transmitting a topographical chart of the Turnpike, together with a copy of the report of these functionaries, showing the cost of their work and the expenses of the party in detail; and suggesting some alterations in the law which are believed to be useful.

At present, I call the attention of the Legislature to an important inquiry connected with this subject. Among the funds appropriated and pledged for the making of this Road, are all the debts now due the State for the sales of the Cherokee lands.

It will be remembered that at the time when those sales were made, a spirit of adventure and speculation, which pervaded the United States, had been awakened with many in the purchase of these lands; while others, stimulated with the desire to retain their humble dwellings and improvements, entered also into the competition of bidders, and that the land sold, in some instances, for tenfold—in all, for prices far beyond its value. While the public domain of the State had been granted, under the entry laws, at five cents per acre to others, there have been sold at from three to thirty dollars per acre.

Impressed with a knowledge of these facts, the Legislature has from time to time granted indulgence in the collection of these debts. In the year 1844, an act was passed establishing a Board of Auditors to inquire and make report as to solvent and insolvent purchasers, and allowing those who were found to be unable to pay, to surrender their lands to the State; directing their bonds to be cancelled and delivered up, although the *street is in arrear* and *bonds might be good*. By virtue of this act, a large amount of these bonds were returned to the purchasers, and they were released from their contracts. In the year 1849, another act was passed for the relief of the same class of debtors, by which they were allowed the right of preemption of said lands at the fair cash valuation, assessed by the said Board of Auditors.

Why this discrimination between purchasers? If the principal debtors, who were unable to pay the price originally agreed upon, were released, together with their sureties, and were allowed to repurchase the same land at the new assessment, why should those who are solvent be held to a hard bargain and be compelled to pay more confusedly than the land is worth;—be forced to lay the whole of the purchase money, and in many cases be rendered bankrupt by the operation?

In my judgment it is the true policy of the State not to oppress any of her citizens, nor coerce them to the fulfillment of an ill-judged or ruinous speculation. Establish then a new Board of auditors, who shall assess the fair cash valuation of the residue of the lands, and allow all purchasers to retain them at that valuation and be relieved from the excess.

By this course you will secure the speedy settlement of this protracted indebtedness, and long vexed subject; grant firm and honest relief to bankrupt purchasers; while by the contrary existing process, you ruin many and compel others, in order to save something from the general wreck, to abandon their homes; to quit the State, and leave nothing at last for the satisfaction of their indebtedness, but the intrinsic value of the land itself.

I commend this subject to the generous and equitable consideration of the Legislature.

In the original sales all of the Cherokee lands not estimated to be worth twenty cents per acre, were not surveyed and offered for sale; and there remains in addition, according to the reports of the State's agents, a large quantity of these lands the property of the State not subject to the entry laws, and for the disposal of which no provision has been made.

All of these lands having, by the act of the last session, been appropriated to the construction of the Turnpike road, provision should be made, at once unsurveyed lands, which their value may be realized and made available for the purposes declared for by the act.

Fayetteville and Western Plank Road.

By an act of the last session of the General Assembly, chapter 29, entitled an act to incorporate the Fayetteville and Western Plank Road Company, the Public Treasurer was required to subscribe, in the name and on behalf of the State, for three fifths of the capital of the said company amounting to the sum of \$160,000; and to enable the State to pay her said subscription, the Treasurer was required, from time to time, as the money should be called for, to issue Bonds, under the great seal of the State, signed by the Governor and countersigned by the Treasurer, and to convert them into cash, in obedience to the requirements of this statute, bonds to the amount of \$50,000, to the 1st of November next, have been issued, and the proceeds applied as directed, having an amount of \$70,000 applied hereafter issued, in the manner and on the terms stipulated therein. This subject will be again referred to in the Report of the Board of Internal Improvement, which will be presented at an early day.

Cape Fear and Deep River Navigation Company.

In obedience to another act of the last session, Chapter 32, requiring the Governor of the State, upon certain terms, conditions, and limitations therein expressed, to subscribe, in the name and on behalf of the State, for \$50,000 of the stock of the Cape Fear and Deep River Navigation Company, I have made a subscription on the Books of said Company, for the first instalment of \$10,000, and the Public Treasurer has paid over to the Company the sum of \$20,000, as provided for by the Act.

These Companies are progressing in their enterprises with great vigor and success, and the results of the State's subscription may be expected to be called for in a short time.

Death of Members.

Having received official notice of the death of John Exum, the Senator elected in August last for the county of Wayne, and of James Tomlinson, one of the members of the House of Commons for the county of Johnston, I have issued writs of election to the Sheriff of those counties respectively, to open the polls at the different precincts, in said counties, to hold elections to supply these vacancies, according to law.

of the State, already existing or authorized, amount, in principal money, to \$3,520,052. And there will be required to pay the interest on this sum, with one instalment of principal before stated for the year 1851, the sum of \$149,000. And in like manner for the year 1852, \$207,000. In this calculation of interest, the State's liability on the Wilmington and Raleigh Rail Road bonds is not included; for as that company have heretofore paid promptly the interest on their bonds, their improved condition is a safe guaranty that they will continue to do so. This calculation is predicated upon the assumption, that the State will be called upon for the first instalment of her stock-subscription to the "North Carolina Rail Road" in the beginning of the ensuing year, and for the other instalments at intervals of six months, as allowed by the charter. And upon the further assumption, also, that the residue of the State's subscription for stock in the Fayetteville and Western Plank Road Company, in the Cape Fear and Deep River Navigation Company, and the appropriations for Neuse and Tar Rivers will be called for at an early day.

But we have seen that the surplus in the Treasury, after the payment of the regular demands, will be \$80,000; while the increased demand upon it for the year 1851, will be \$149,000; and for the year 1852, \$207,000; and, of course, that the State will require for the year 1851, over and above the whole amount that may be raised by the present revenue basis, the sum of \$69,000; and for 1852, the sum of \$147,000.

Or, it may be stated thus:

Amount required to pay State's liabilities and interest for 1851,	\$149,000
Add ordinary expenses for 1851,	75,000
Total,	\$224,000

Deficit probable receipts at the Treasury according to present revenue laws for 1851, \$135,000 |

Deficit to be provided for 1851, \$89,000 |

In like manner, it may be shown that the deficit for 1852 will be \$147,000.

These results will be changed, to some extent, in favor of the Treasury balances, by the coming in of the deferred taxes imposed on sundry articles in the 7th section of the revenue act of the last session.

But no provision has yet been made for raising the money for the payment of the residue of the State's stock-subscription to the Deep River and Cape Fear Navigation Company, of \$60,000, and this amount must be added to the wants of the Treasury.

To meet these demands, which can now be neither avoided nor postponed without public dishonor, provision must be made by the General Assembly now in session. In addition to this requisition for interest, prompt steps should be taken for the establishing of a sinking fund for the gradual extinguishment of the principal of the State's debt, to avoid the insupportable pressure upon the people, if it be postponed till the principal shall fall due. The most urgent inquiry, however, at present, is, how are the semi-annual instalments of interest to be met?—By creating new loans and borrowing money—thus increasing the debt by compounding principal and interest every six months? If the demand upon the Treasury were fortuitous and not likely to be repeated, such a plan might, with some, be allowed. But here is a sum which must be raised for years consecutive years, and until some return shall be yielded from the profits of our public works. It is too plain for comment, that the temporizing policy of borrowing money to pay interest will be disastrous to the State, will impair her credit, and may reduce her, sooner or later, to the ignominious and dishonest condition of repudiation.

An absorbing crisis has arrived in the financial affairs of the State, which requires the energetic exercise of all the caution, wisdom and patriotism of the Representatives of the people.

I have felt it to be my indispensable duty to lay this important subject thus plainly before you. On you, and you alone, rest the task and responsibility of providing the ways and means for paying the debts, sustaining the faith and credit of the State, and for preserving untarnished her character for plain dealing and honesty.

Common Schools.

In this age of intellectual advancement, in the middle of the 19th century, and to this enlightened body, it would be a waste of words to press upon your attention, or to offer arguments to prove the value of a wise and liberal system of popular education. It is the sheet-anchor and basis of republican Liberty. Deeply impressed with this truth, the Framers of our Government engrained it in our Constitution as a solemn injunction upon the People's Representatives that "Schools should be established for the convenient instruction of youth, with such salaries to the Masters as might enable them to instruct at low prices." This provision in our fundamental law, from

various causes, but chiefly from the want of means, remained for nearly half a century dormant and unheeded.

In the year 1825, a law was passed upon the subject for the first time; a fund was created, a Board established to invest and manage it, and after a successful accumulation of its proceeds, an act was passed in the year 1840, establishing a system of Common Schools and directing an annual distribution to be made among the People of the net annual income of this Fund.

I call your attention to the fact that, by the law of 1825, this fund was set apart for the education of the youth of the State, and a Legislative pledge was therein given to the public, that the annual income "should be divided out among the counties in proportion to the free white population of each."

In the year 1840, when the system was put into operation, this division was ordered to be made among the Counties, not in proportion to their white, but federal population. By this process, those counties in the State, containing a sparse white population and but few white children to educate, yet containing many slaves and free negroes, receive the larger portion of this public bounty; while those counties having a large white population and many children to educate, yet having few slaves and free negroes, receive the smaller share.

This arrangement I hold to be wrong.

This common Fund having been provided and designed for the education, not of the rich, nor of the poor, exclusively, but for all white children of the State alike, ought, in my judgment, to be divided equally amongst them, whether their residence happens to be, or not, to be in a community holding slaves and free negroes.

It should be borne in mind that the capital from which this annual income proceeds was not raised by taxes on Federal population, but from other sources of public revenue. The argument, therefore, that this distribution should be made among the people according to federal numbers, because it was derived from them, on that basis of taxation, is without foundation.

As to the argument that a portion of the capital was received from the General Government in her distribution among the States of the surplus revenue, and that should North Carolina be called upon to refund the money, it would be raised by taxing Federal population, it is a sufficient answer, that at this late day, no man seriously entertains the opinion that the States will ever be called on to refund that money. And, moreover, it must be borne in mind that that portion of this surplus revenue which constitutes a part of our Literary Fund, was invested in the stocks of the Bank of the State and of Cape Fear, and if a return of it shall become indispensable, it can be readily effected by a transfer or sale of the stock, and not by the imposition of taxes of any sort.

But I shall not detain you with an argument of this kind.

The rule adopted by the distribution Act of 1849, carries on its face a violation of the spirit and object of the injunction of the Constitution; it is a breach of the public faith given by the Legislature of 1825; it is at variance with the rule in other Southern States; divides the fund not according to the public necessity, but the wealth of the people, and is in itself unequal and unjust.

I recommend therefore a change, by law, of the basis of distribution of the Common School Fund: That henceforth the same shall be divided among the Counties in proportion to their number of white people or white children, and not in proportion to the federal computation of white people and slaves and free negroes combined.

But this system is deficient, not only in its organization, but in accountability, uniformity and its general management.

For a period of ten years, about \$90,000 have been placed annually in the hands of the various school committees of the State; a sum larger than the whole amount of the State's Revenue paid into the Public Treasury during that period. This large sum, forming an aggregate of nearly a million of dollars, has within this brief period been spent, and yet no adequate provision has been made, much less enforced, for even informing the people or their representatives what has become of it, or how it has been spent.

The President and Directors of the Literary Fund, in obedience to an act of the last session of the General Assembly, compiled and published, and caused to be circulated throughout the State, six thousand copies of a pamphlet containing an abstract of the School Laws, together with an appendix of precedents and appropriate forms of returns.

In this, it will be seen that the Chairman of the Board of Superintendents in each county is required, within fifteen days of the first day of November in each year, to report in writing to the President and Directors of the Literary Fund a copy of his school account, audited and settled by the committee of Finance or the clerk of the County Court of his county, together with the number of children in his county, the number taught in the schools the preceding year, and the length of time the schools have been kept up. Yet this duty has been performed by only seven superintendents throughout the whole State; and I am altogether unable to give you the information required on these points, or to make satisfactory exhibit of the disposition which has been made of these large sums of money. It should be made an indispensable pre-requisite to the payment to any county of its quota, in future, that the chairman of the board of superintendents should file with the Literary Board a copy of all his accounts, audited and passed upon, together with his report of statistics as required by law; and the Public Treasurer should be prohibited from paying out the money without a certificate from the Board that this rule had been complied with.

At present there is no specific mode pointed out, nor is it made the duty of any particular person to compel the receivers of this fund in the several counties to settle their accounts. Those who choose to do so, submit them to the committees of Finance or County Court Clerks; while those who fail to do so, except forfeiture or censure. It may be safely stated that thousands of dollars remain from year to year in the hands of superintendents; and if a rigid settlement were enforced, the public would be amply repaid from its legitimate destination.

The whole fund, annually distributed, although large, is yet inadequate to the public

various causes, but chiefly from the want of means, remained for nearly half a century dormant and unheeded.

In the year 1825, a law was passed upon the subject for the first time; a fund was created, a Board established to invest and manage it, and after a successful accumulation of its proceeds, an act was passed in the year 1840, establishing a system of Common Schools and directing an annual distribution to be made among the People of the net annual income of this Fund.

I call your attention to the fact that, by the law of 1825, this fund was set apart for the education of the youth of the State, and a Legislative pledge was therein given to the public, that the annual income "should be divided out among the counties in proportion to the free white population of each."

In the year 1840, when the system was put into operation, this division was ordered to be made among the Counties, not in proportion to their white, but federal population. By this process, those counties in the State, containing a sparse white population and but few white children to educate, yet containing many slaves and free negroes, receive the larger portion of this public bounty; while those counties having a large white population and many children to educate, yet having few slaves and free negroes, receive the smaller share.

This arrangement I hold to be wrong.

This common Fund having been provided and designed for the education, not of the rich, nor of the poor, exclusively, but for all white children of the State alike, ought, in my judgment, to be divided equally amongst them, whether their residence happens to be, or not, to be in a community holding slaves and free negroes.

It should be borne in mind that the capital from which this annual income proceeds was not raised by taxes on Federal population, but from other sources of public revenue. The argument, therefore, that this distribution should be made among the people according to federal numbers, because it was derived from them, on that basis of taxation, is without foundation.

As to the argument that a portion of the capital was received from the General Government in her distribution among the States of the surplus revenue, and that should North Carolina be called upon to refund the money, it would be raised by taxing Federal population, it is a sufficient answer, that at this late day, no man seriously entertains the opinion that the States will ever be called on to refund that money. And, moreover, it must be borne in mind that that portion of this surplus revenue which constitutes a part of our Literary Fund, was invested in the stocks of the Bank of the State and of Cape Fear, and if a return of it shall become indispensable, it can be readily effected by a transfer or sale of the stock, and not by the imposition of taxes of any sort.

But I shall not detain you with an argument of this kind.

The rule adopted by the distribution Act of 1849, carries on its face a violation of the spirit and object of the injunction of the Constitution; it is a breach of the public faith given by the Legislature of 1825; it is at variance with the rule in other Southern States; divides the fund not according to the public necessity, but the wealth of the people, and is in itself unequal and unjust.

I recommend therefore a change, by law, of the basis of distribution of the Common School Fund: That henceforth the same shall be divided among the Counties in proportion to their number of white people or white children, and not in proportion to the federal computation of white people and slaves and free negroes combined.

But this system is deficient, not only in its organization, but in accountability, uniformity and its general management.

For a period of ten years, about \$90,000 have been placed annually in the hands of the various school committees of the State; a sum larger than the whole amount of the State's Revenue paid into the Public Treasury during that period. This large sum, forming an aggregate of nearly a million of dollars, has within this brief period been spent, and yet no adequate provision has been made, much less enforced, for even informing the people or their representatives what has become of it, or how it has been spent.

The President and Directors of the Literary Fund, in obedience to an act of the last session of the General Assembly, compiled and published, and caused to be circulated throughout the State, six thousand copies of a pamphlet containing an abstract of the School Laws, together with an appendix of precedents and appropriate forms of returns.

In this, it will be seen that the Chairman of the Board of Superintendents in each county is required, within fifteen days of the first day of November in each year, to report in writing to the President and Directors of the Literary Fund a copy of his school account, audited and settled by the committee of Finance or the clerk of the County Court of his county, together with the number of children in his county, the number taught in the schools the preceding year, and the length of time the schools have been kept up. Yet this duty has been performed by only seven superintendents throughout the whole State; and I am altogether unable to give you the information required on these points, or to make satisfactory exhibit of the disposition which has been made of these large sums of money. It should be made an indispensable pre-requisite to the payment to any county of its quota, in future, that the chairman of the board of superintendents should file with the Literary Board a copy of all his accounts, audited and passed upon, together with his report of statistics as required by law; and the Public Treasurer should be prohibited from paying out the money without a certificate from the Board that this rule had been complied with.

At present there is no specific mode pointed out, nor is it made the duty of any particular person to compel the receivers of this fund in the several counties to settle their accounts. Those who choose to do so, submit them to the committees of Finance or County Court Clerks; while those who fail to do so, except forfeiture or censure. It may be safely stated that thousands of dollars remain from year to year in the hands of superintendents; and if a rigid settlement were enforced, the public would be amply repaid from its legitimate destination.

The whole fund, annually distributed, although large, is yet inadequate to the public

various causes, but chiefly from the want of means, remained for nearly half a century dormant and unheeded.

In the year 1825, a law was passed upon the subject for the first time; a fund was created, a Board established to invest and manage it, and after a successful accumulation of its proceeds, an act was passed in the year 1840, establishing a system of Common Schools and directing an annual distribution to be made among the People of the net annual income of this Fund.

I call your attention to the fact that, by the law of 1825, this fund was set apart for the education of the youth of the State, and a Legislative pledge was therein given to the public, that the annual income "should be divided out among the counties in proportion to the free white population of each."

In the year 1840, when the system was put into operation, this division was ordered to be made among the Counties, not in proportion to their white, but federal population. By this process, those counties in the State, containing a sparse white population and but few white children to educate, yet containing many slaves and free negroes, receive the larger portion of this public bounty; while those counties having a large white population and many children to educate, yet having few slaves and free negroes, receive the smaller share.

This arrangement I hold to be wrong.

This common Fund having been provided and designed for the education, not of the rich, nor of the poor, exclusively, but for all white children of the State alike, ought, in my judgment, to be divided equally amongst them, whether their residence happens to be, or not, to be in a community holding slaves and free negroes.

It should be borne in mind that the capital from which this annual income proceeds was not raised by taxes on Federal population, but from other sources of public revenue. The argument, therefore, that this distribution should be made among the people according to federal numbers, because it was derived from them, on that basis of taxation, is without foundation.

As to the argument that a portion of the capital was received from the General Government in her distribution among the States of the surplus revenue, and that should North Carolina be called upon to refund the money, it would be raised by taxing Federal population, it is a sufficient answer, that at this late day, no man seriously entertains the opinion that the States will ever be called on to refund that money. And, moreover, it must be borne in mind that that portion of this surplus revenue which constitutes a part of our Literary Fund, was invested in the stocks of the Bank of the State and of Cape Fear, and if a return of it shall become indispensable, it can be readily effected by a transfer or sale of the stock, and not by the imposition of taxes of any sort.

But I shall not detain you with an argument of this kind.

The rule adopted by the distribution Act of 1849, carries on its face a violation of the spirit and object of the injunction of the Constitution; it is a breach of the public faith given by the Legislature of 1825; it is at variance with the rule in other Southern States; divides the fund not according to the public necessity, but the wealth of the people, and is in itself unequal and unjust.

I recommend therefore a change, by law, of the basis of distribution of the Common School Fund: That henceforth the same shall be divided among the Counties in proportion to their number of white people or white children, and not in proportion to the federal computation of white people and slaves and free negroes combined.

But this system is deficient, not only in its organization, but in accountability, uniformity and its general management.

For a period of ten years, about \$90,000 have been placed annually in the hands of the various school committees of the State; a sum larger than the whole amount of the State's Revenue paid into the Public Treasury during that period. This large sum, forming an aggregate of nearly a million of dollars, has within this brief period been spent, and yet no adequate provision has been made, much less enforced, for even informing the people or their representatives what has become of it, or how it has been spent.

The President and Directors of the Literary Fund, in obedience to an act of the last session of the General Assembly, compiled and published, and caused to be circulated throughout the State, six thousand copies of a pamphlet containing an abstract of the School Laws, together with an appendix of precedents and appropriate forms of returns.

In this, it will be seen that the Chairman of the Board of Superintendents in each county is required, within fifteen days of the first day of November in each year, to report in writing to the President and Directors of the Literary Fund a copy of his school account, audited and settled by the committee of Finance or the clerk of the County Court of his county, together with the number of children in his county, the number taught in the schools the preceding year, and the length of time the schools have been kept up. Yet this duty has been performed by only seven superintendents throughout the whole State; and I am altogether unable to give you the information required on these points, or to make satisfactory exhibit of the disposition which has been made of these large sums of money. It should be made an indispensable pre-requisite to the payment to any county of its quota, in future, that the chairman of the board of superintendents should file with the Literary Board a copy of all his accounts, audited and passed upon, together with his report of statistics as required by law; and the Public Treasurer should be prohibited from paying out the money without a certificate from the Board that this rule had been complied with.

At present there is no specific mode pointed out, nor is it made the duty of any particular person to compel the receivers of this fund in the several counties to settle their accounts. Those who choose to do so, submit them to the committees of Finance or County Court Clerks; while those who fail to do so, except forfeiture or censure. It may be safely stated that thousands of dollars remain from year to year in the hands of superintendents; and if a rigid settlement were enforced, the public would be amply repaid from its legitimate destination.

The whole fund, annually distributed, although large, is yet inadequate to the public

various causes, but chiefly from the want of means, remained for nearly half a century dormant and unheeded.

In the year 1825, a law was passed upon the subject for the first time; a fund was created, a Board established to invest and manage it, and after a successful accumulation of its proceeds, an act was passed in the year 1840, establishing a system of Common Schools and directing an annual distribution to be made among the People of the net annual income of this Fund.

I call your attention to the fact that, by the law of 1825, this fund was set apart for the education of the youth of the State, and a Legislative pledge was therein given to the public, that the annual income "should be divided out among the counties in proportion to the free white population of each."

In the year 1840, when the system was put into operation, this division was ordered to be made among the Counties, not in proportion to their white, but federal population. By this process, those counties in the State, containing a sparse white population and but few white children to educate, yet containing many slaves and free negroes, receive the larger portion of this public bounty; while those counties having a large white population and many children to educate, yet having few slaves and free negroes, receive the smaller share.

This arrangement I hold to be wrong.

This common Fund having been provided and designed for the education, not of the rich, nor of the poor, exclusively, but for all white children of the State alike, ought, in my judgment, to be divided equally amongst them, whether their residence happens to be, or not, to be in a community holding slaves and free negroes.

It should be borne in mind that the capital from which this annual income proceeds was not raised by taxes on Federal population, but from other sources of public revenue. The argument, therefore, that this distribution should be made among the people according to federal numbers, because it was derived from them, on that basis of taxation, is without foundation.

As to the argument that a portion of the capital was received from the General Government in her distribution among the States of the surplus revenue, and that should North Carolina be called upon to refund the money, it would be raised by taxing Federal population, it is a sufficient answer, that at this late day, no man seriously entertains the opinion that the States will ever be called on to refund that money. And, moreover, it must be borne in mind that that portion of this surplus revenue which constitutes a part of our Literary Fund, was invested in the stocks of the Bank of the State and of Cape Fear, and if a return of it shall become indispensable, it can be readily effected by a transfer or sale of the stock, and not by the imposition of taxes of any sort.

But I shall not detain you with an argument of this kind.

The rule adopted by the distribution Act of 1849, carries on its face a violation of the spirit and object of the injunction of the Constitution; it is a breach of the public faith given by the Legislature of 1825; it is at variance with the rule in other Southern States; divides the fund not according to the public necessity, but the wealth of the people, and is in itself unequal and unjust.

I recommend therefore a change, by law, of the basis of distribution of the Common School Fund: That henceforth the same shall be divided among the Counties in proportion to their number of white people or white children, and not in proportion to the federal computation of white people and slaves and free negroes combined.

But this system is deficient, not only in its organization, but in accountability, uniformity and its general management.

For a period of ten years, about \$90,000 have been placed annually in the hands of the various school committees of the State; a sum larger than the whole amount of the State's Revenue paid into the Public Treasury during that period. This large sum, forming an aggregate of nearly a million of dollars, has within this brief period been spent, and yet no adequate provision has been made, much less enforced, for even informing the people or their representatives what has become of it, or how it has been spent.

The President and Directors of the Literary Fund, in obedience to an act of the last session of the General Assembly, compiled and published, and caused to be circulated throughout the State, six thousand copies of a pamphlet containing an abstract of the School Laws, together with an appendix of precedents and appropriate forms of returns.

In this, it will be seen that the Chairman of the Board of Superintendents in each county is required, within fifteen days of the first day of November in each year, to report in writing to the President and Directors of the Literary Fund a copy of his school account, audited and settled by the committee of Finance or the clerk of the County Court of his county, together with the number of children in his county, the number taught in the schools the preceding year, and the length of time the schools have been kept up. Yet this duty has been performed by only seven superintendents throughout the whole State; and I am altogether unable to give you the information required on these points, or to make satisfactory exhibit of the disposition which has been made of these large sums of money. It should be made an indispensable pre-requisite to the payment to any county of its quota, in future, that the chairman of the board of superintendents should file with the Literary Board a copy of all his accounts, audited and passed upon, together with his report of statistics as required by law; and the Public Treasurer should be prohibited from paying out the money without a certificate from the Board that this rule had been complied with.

At present there is no specific mode pointed out, nor is it made the duty of any particular person to compel the receivers of this fund in the several counties to settle their accounts. Those who choose to do so, submit them to the committees of Finance or County Court Clerks; while those who fail to do so, except forfeiture or censure. It may be safely stated that thousands of dollars remain from year to year in the hands of superintendents; and if a rigid settlement were enforced, the public would be amply repaid from its legitimate destination.

The whole fund, annually distributed, although large, is yet inadequate to the public

various causes, but chiefly from