Governor's Message.

To the Honorable, The General Assembly of North Carolina:

GENTLEMEN: Elected by the universal suffrage of a free people, you have assembled at the time appointed by law, to consult together for the common good and to adopt such measures as may be demanded by the public welfare.

Although your session opens amid political embarrassments in our federal affairs of a character calculated to excite in every patriotic mind, painful apprehensions for the maintenance of existing political relations with our Confederate States, yet, we are surrounded here at home with such evidences of happiness and prosperity as to impress us with a deep sense of our many obligations to the Supreme Being who has graciously directed our counsels in the past and upon whom, must be our chief reliance for a safe deliverance from the evils that threaten the future of our country.

Within the political period embracing the past two years, our people have been signally blessed with physical health; the returns of agriculture, though somewhat diminished by the blighting influences of a drought that widely pervaded the country during the last season, have been such as to afford a reasonable reward to the labors of the husbandman; the increased yield of our mines furnishes gratifying evidence of the growing importance of that interesting branch of industry; the products of mechanical and manufacturing pursuits have steadily increased in amount and improved in quality; commerce has prospered, and the advantages of education have been more widely extended than heretofore, exhibiting as ever the mutual result of social development and moral elevation.

The moral and material progress thus materially evidenced may be traced for a cause, directly and unerringly to the great system of Internal Improvements that has, for the past ten years, been prosecuted under the patronage of the State.

Our public works have steadily advanced from their beginning point of the Atlantic Ocean far into the interior of the country stimulating as they progress every department of industry by affording new facilities of transportation and opening up sources of public wealth that have heretofore slumbered, and otherwise would have continued to slumber in their natural barrenness.

Guided by the example of my predecessors, I will proceed to lay before you the operations of the Government for the political period designated and respectfully to suggest the adoption of such measures as to me, the public interests may seem to require. More detailed statements than would be compatible with the nature of this communication will be furnished by the head of the several Departments in their regular biennial reports.

PUBLIC DEBT AND FINANCES.

The subject to which I shall first invite your attention, deeming it of primary importance, is the condition of the finances of the State.

A rigid observance of the public faith is a sentiment deeply impressed upon the minds and hearts of the people of North Carolina, and the more actually cherished because of the fact that in all our past history that faith has received no tarnish. This well known disposition of the public mind forbids a doubt, that you will see that ample provision is made to meet beyond every contingency, the accruing interest on the public debt, and for the payment of the principal upon maturity. And happily for us, the discharge of this duty, as will appear from our examination of our financial affairs, will not so much require additional legislation and the imposition of increased taxes as the abstaining from such new [illegible] measures as may diminish the present receipts of the Treasury. The following abstract, taken from the books of the public Treasurer, exhibits the amount of the debt of the State on the 1st day of October last, the beginning of the present financial year, together with the purposes for which it was contracted:

For the N. C. Railroad,	$3,000,000	
For A. & N. C. R. road,	1,466,500	
For W. N. C. R. Road,	1,120,000	
For Wil. C. & R. R. R.	400,000	
For Fay. & W. R. Road,	300,000	
For G. & W. Railroad,	87,000	
		$6,383,505
For Plank Roads,	180,000	
For Rivers and Canals,	830,000	
For Lunatic Asylum,	125,000	
For Literary Fund,	81,000	
For General Purposes,	1,530,000	
		2,746,000
Total indebtedness,		$9,129,505

In this foregoing list is embraced a debt of $[illegible], for which the State was originally liable, as endorser, for the Cape Fear River Navigation Company, and for which she became responsible, as principal upon the purchase of the property and effects of that Company.

In addition to the foregoing actual indebtedness, the public faith is pledged to the following Railroad Companies in the amounts named, upon a compliance with certain conditions set forth in their respective charters, and in a balance of the appropriation to the Cape Fear and Deep River Navigation works:

To W. C. & R. R. R. Co.	$1,700,000	
To W. N. C. R. R. Co.	2,870,000	
To Fay. & West. R. R. Co.	100,000	
To C. F. & D. R. Nav. W's	20,000	
		$4,690,000

These companies have so far complied the provisions of their charters, entitling them to the aid of the State, as to leave no doubt that the whole of the above sum will be called for by them, within a very few years, with the exception of $1,000,000, of the amount guaranteed to the W. N. C. Railroad Company, which will not be required, because of the fact that their road will be completed to the French Broad River, its present terminus, for a sum less, by that amount, than was originally contemplated. The State is also liable, by endorsement, for the W. and Weldon Railroad Company, in the sum of $150,000. A loss on account of which, however, need not be apprehended, as the Company has ample means to discharge their debt at maturity. The precise time at which the sums becoming due the foregoing Railroad Companies, will be applied for, is by no means certain; it is not at all probable, however, that more than $1,500,000 will be required during the present and ensuing financial years. This sum would swell the amount of indebtedness to $10,629,505; the annual interest on which, together with the average annual expenditures of the Government, $[illegible]000 will give the sum of $728,424 76, as an annual charge upon the Public Treasury for the present and ensuing years. This, it will be observed embraces the interest on the maximum amount of debt for that period which will not, however, have been contracted until some time in the next year, for which reason, a deduction of several thousand dollars should be made, from the sum stated as necessary for the one year and the same amount added to that required for the other. The receipts into the Treasury, from the ordinary sources of revenue, for the past two years, as follows:

Receipts for 1857-'58,	$617,964 48
Receipts for 1859-'60,	691,919 54
Total receipts for the last 2 years,	$1,310,884 02

To this sum should be added $14,279 72, due from two defaulting Sheriffs, and for which judgments have been obtained against the sureties on their official bond.

The estimated receipts for the present and ensuing fiscal year, are, as I am informed by the Public Treasurer, as follows:

Estimated rec'pts for 1860-'61	$866,602 38
" " 1861-'62	859,823 67
Total est'd rec'pts for next 2 y'rs,	$1,726,425 05

Thus appears that the liabilities of the State can be met without any increase of the taxes at your present session; and, indeed, that they may be reduced without detriment to the public service.

This statement, however, is predicated on the supposition that the Sinking Fund will be charged with the payment of $170,000, of the public debt falling due prior to the 1st October, 1862. The present condition and prospective receipts of that Fund, as will hereafter more fully appear will justify such a course, and I therefore recommend that it be directed by the Legislature.

To meet the principal of the present liabilities, the State has the following stocks, and effects:

Ral. & Gaston R. R. stock, par value,	$487,500
North Carolina " "	3,000,000
" Preferred 8 per cent. "	1,000,000
A. & N. C. R. R. "	1,066,600
Western N. C. "	1,130,000
Alb. & Ches'ke Canal "	355,000
Bonds of Wil. Ch'te & Ruth. R. R. Co.	400,000
" of Fay. & West. "	300,000
Debt due from A. & N. C. "	400,000
Interest on "	72,000
Principal of Sinking Fund	457,040
	$7,652,140

A reliable provision has been made for the payment of the public debt, as it falls due, by the creation of a Sinking Fund. The receipts of this Fund consist of the dividends of all the railroad stocks owned by the State, and such balances as may remain in the Public Treasury from time to time, after paying all current demands upon it. The whole amount of the Fund at this time is $[illegible],040. The following are its receipts for the two past fiscal years, together with the sources whence derived:

Receipts by dividends on N. C. R. R. stock,	$220,000
" " Ral. & G. "	78,000
" Surplus Revenue,	100,000
" Interest on Bonds,	21,570
Total receipts for two last years,	$419,570

The rapidly increasing business of our railroads gives the highest assurance that this Fund will prove fully equal to the great purpose for which it is established. After the present year its annual receipts will probably not fall short of half a million of dollars, and may possibly exceed that amount.

An obvious reason why our railroads may be relied upon for reasonable dividends, when prudently managed, at the present time, is to be found in the fact that they are constructed mainly by slave labor; which for all purposes not requiring mechanical skill, is undoubtedly the cheapest that can be employed.

No more conclusive evidence of this fact could be desired than that furnished by a comparison of the cost of ours with the roads constructed with a different kind of labor.

Our great line of road, from Beaufort Harbor to Cowans, (Duck Town,) on the Tennessee line a distance of 500 miles, will, when completed, cost $12,610,000. Of this line of road 248 miles have been actually completed; 90 miles more let to contract, and the remainder, 162 miles, has been surveyed and careful estimates made of the cost, so that the entire cost of the road when finished, may be stated with almost exact certainty. On the other hand, we find, that the Erie road, in the State of New York, some 400 miles in length, cost $32,000,000. Or differently stated, the cost of our road will be $12,000 while that of the Erie is $80,000 per mile. A clear profit on the former of $1,330 per mile, would give a dividend of 6 per cent., while on the latter it would require a nett profit of $4,800 per mile to give the same dividend. Like comparisons between roads similarly situated will never fail, it is believed, to develop the fact of the superior cheapness of slave labor when employed in the construction of railroad.

Financially and socially this is an important fact for us. It gives the assurance that our railroad investments will prove dividend-paying stocks, and that the public debt, contracted for the construction of these works, will be finally liquidated thereby. I have an abiding conviction that many of the present generation will live to see our public debt paid off by receipts from railroads, and the roads themselves left unencumbered, yielding a richer revenue to the State than has heretofore been collected by taxation, and superceding, entirely, the necessity for taxation.

The fact is an important one too, in a social point of view, as it teaches us, that there is a proper division of labor, which if wisely observed, will avoid all possible conflict of interests and conduce to the advantage of all. This division consists in the employment of slave labor where physical force rather than an exercise of the mental faculties is required and the employment of skill and educated reasoning faculties, in its profitable pursuit, to the white race, where these qualities are, mainly, and almost exclusively to be found.

The marshalling of labor upon this principle, is dictated, it is believed, by a sound public policy, as tending to the development of that variety of the industrial employment, and the perfection of that mechanical and manufacturing skill, that go to make up the power of a State; and to that harmony of interests, so necessary to every well organized society.

RAILROADS.

The State having embarked largely in works of internal improvement, their condition and prospects will furnish, doubtless, an interesting subject of your deliberations.

By virtue of an act of the Legislature, at its last Session, the Cape Fear and Deep River Navigation Works were purchased for the State by the Governor, at a sale directed by the first mortgage creditors, for the sum of $365,000.— No purchase money was paid beyond that on debts of prior lien to those for which the State was responsible, and which were secured by a second mortgage. The amount thus paid, is $64,720 97-100 and the amount secured by second mortgage to the State, is $300,000, upon which $35,280 of interest was due at the time of the sale.

Soon after the sale, the entire works and property of the Company were transferred to the State, and have been since managed by a commission, as directed by an act. Many useful repairs have been made under the direction of this commission and the river been opened for navigation, with a minimum depth of five feet water, from Fayetteville to the Gulf, in the midst of the Coal fields, a distance of 81 miles. The navigation is temporarily suspended in consequence of an accident occasioned by a recent freshet, to which, these works will be more or less liable, until substantially rebuilt. A report from the Commission, giving a detailed account of their operations, will be laid before you at an early day, for which occasion, I will reserve such suggestions relative to this improvement as I may deem necessary to its maintenance.

By the provisions of an Act of 1856-'7, the Public Treasurer was required to deliver to the Albemarle and Chesapeake Canal Company $100,000 in the bonds of the State, upon the opening of their work for their navigation.

In April 1859, I made a personal examination of that improvement throughout its entire length, and found that it afforded fair navigation for the class of vessels engaged in our inland commerce, which fact being duly certified to the Treasurer, by the Board of Internal Improvements, the bonds of the State, to the amount named, were delivered to the Company. This Canal, when fully completed, will give a depth of 8 feet water throughout, and a uniform width of 65 feet, and is destined to exert an important influence upon the commerce of a very productive section of the State. Further reference will be made to it before your session terminates.

The Fayetteville and Western Railroad is now completed, as I am informed, to the coal fields in Chatham county. A connection between that and the North Carolina Railroad is much to be desired, and I respectfully recommend the subject to your favorable consideration.

The Wilmington, Charlotte and Rutherford Railroad is progressing satisfactorily towards completion, and promises advantages to the public, fully commensurate with the gigantic character of the undertaking. The many difficulties already overcome by the Company having it in charge, afford the highest evidence of the energy and enterprise of the people residing in the section of the country through which it passes, and of the capabilities of that portion of our State. The eastern division of the road has been completed from a point near Wilmington to the distance of 75 miles, and the western division, from Charlotte, a distance of 25 miles. The greater part of the remaining portion of the work is under contract and well advanced.

I am informed that the Company will probably ask a further loan from the State, to enable them to complete their work, and all things considered, such a request will present high claims upon your favorable consideration.

It will be recollected that the terms upon which the patronage of the State has been extended to this enterprise, are not so favorable as those upon which others of our leading works of improvement have been aided. In others of our railroad companies, two thirds of the capital stock has been taken by the State, and a liberal loan made, afterwards, for the completion of their works; while in the case of this Company, the aid of the State consists of a loan of $8000 per mile of finished road, secured by a mortgage on all the property of the Company. When the importance of this road to the public is considered, it is apprehended, that it will be difficult to discover a satisfactory reason for making so wide a difference between it and the works of a similar character, in dispensing the public patronage. In view of which, and the further fact that the mortgage now held by the State will prove an ample security for the loan heretofore made, and the one that will probably be asked for, I would respectfully, but earnestly recommend, that such further loan as may be necessary to complete their works, be made to the Company. Otherwise, it will be driven to effect a loan upon second mortgage, at a great sacrifice of the interests of the stockholders, and to the embarrassment of the enterprise itself.

The first division of the Western North Carolina Railroad, extending from Salisbury to Morganton, a distance of 80 miles, has been completed to within eleven miles of its termination, and the second division, from Morganton to the Western portal of the Blue Ridge tunnel, a distance of 40 miles, let to contract, upon which, the grading is now being executed. From this point to the present terminus of the road on the French Broad River, near Asheville, a distance of but 20 miles, the work has not been let to contract because of the prohibiting restrictions of the Company's charter.

These restrictions now interpose serious obstacles to the progress of this great work and can no longer subserve any useful purpose. I therefore recommend that they be removed by the Legislature.

The importance of such legislation will the more fully appear, when it is borne in mind that, the second division of the road extends to the Western portal of the Blue Ridge tunnel, and, consequently, embraces what is known as the mountain section, which is by far the most costly part of the work. Now, if it be required to fully complete this division, before letting the work beyond the mountains to contract, that part of the road lying within the limits of the mountain section, and costing some million and a half of dollars, will be rendered totally useless, while the division beyond the mountains is being constructed.

It was originally designed to extend this road so as to form a connection with the chain of roads passing through the State of Tennessee to the Mississippi River, and the work has now progressed to that point, when sound policy indicates the propriety of locating the Western connection and allowing the company to progress with the work as rapidly as the circumstances of the country will admit.

From the present terminus of the road, near Asheville, two routes have been surveyed to the Tennessee line and both found to be entirely practicable at comparatively a moderate cost.— The one lies in almost a due west course, through the counties of Haywood, Macon, Jackson and Cherokee, terminating at Cowoneh (Ducktown,) and the other in a northerly direction, along the French Broad River and terminating at the Paint Rock, 46 miles below Asheville. At both of these points of termination, connections can be had with the Tennessee roads.

The selection of either one of these routes, to the exclusion of the other, would fail to accommodate a large number of our fellow-citizens residing beyond the Blue Ridge, who have heretofore cheerfully contributed their rateable part towards appropriations for the construction of roads east of the mountains, with no other advantage to themselves than the mere hope held out of their extension among them at a future day. To disappoint this reasonable expectation, now that millions have been expended to overcome the great mountain barrier, would prove a sore disappointment to them, and would, in my opinion, be a departure from a true economical policy. These routes point in different directions and, consequently, each would secure a business that the other could not, and both would serve as valuable contributors to the main line of road east of Asheville.

I would, therefore, earnestly recommend, that the Western North Carolina Railroad Company, be allowed to construct their road over both the routes above designated, and that the State contribute in the same proportion as heretofore.

As every delay in forming these connections will result in injury to investments already made, I would suggest no other restriction upon the progress of the work than a simple limitation as to the amount of money to be paid, annually, by the State: such a limitation being, in my opinion, necessary to a safe administration of the public finances.

The Atlantic and North Carolina Railroad is an unusually well constructed work and in successful operation. As was the case with others of our roads, for the first few years after completion, it has, as yet, yielded no dividends to the Stockholders; but the present earnings of the road, as reported to me, give satisfactory assurance that it will at an early day be classed among our dividend paying roads.

This Company will, as I am informed, ask that the State loan of $400,000 with the back interest, amounting to $70,000, be converted into preferred stock and the road released from the mortgage upon it in favor of the State. The acceding to such a proposal would tend to facilitate the operations of the Company and could not result in any injury to the State, as no reasonable doubt can exist that, the Company would be able to pay 6 per cent. annually on such preferred stock, after the present year. A similar policy was pursued towards the North Carolina Railroad Company with marked beneficial consequences.

The report of the Commissioner to examine into the affairs of this company has been handed in within the past few days, and is herewith transmitted.

The Wilmington and Manchester road, in which the State has a small interest, has as yet yielded no dividends, in consequence, as is believed, of pecuniary embarrassments incurred in its construction.

The condition of the other Companies, in which the State is a stockholder, will more satisfactorily appear from the following exhibit of dividends paid by them in the last and present years:

	1859-60.	
By N. C. R. R. Co., 6 per ct. on preferred stock	$120,000	
By 2 and 3 p. ct. on common stock	150,000	
		$270,000
By Wil. & Weld. R. R. Co. 8 per cent	$212,632	
Ral. & Gas. R. R. Co., 4 and 6 per cent	97,330	
		309,962
Total divide paid in '59-60,		$579,962

The fact of the Raleigh & Gaston Railroad Company paying but four per cent. dividend in 1860, is to be accounted for by a change of their financial year, which embraces but eight months of that period.

In support of the policy here recommended as the proper one to be pursued towards our works of internal improvement, no more weighty argument could be offered than the general benefits resulting from such as have already been completed. These are everywhere to be witnessed, and especially in the increased value of real estate. The assessed value of real estate in North Carolina, at the several periods named below, is as follows:

In 1815, $53,521,513—In 1836, $51,021,317—In 1850, $98,000,000—In 1855, $99,073,969—In 1860, $126,000,000.

It thus appears that from 1815 to 1836, a period of twenty years, the value of our real estate actually decreased, while there was only an increase of $2,100,000 from 1815 to 1850, a period of thirty-five years. From 1850 to 1860, ten years, the increase has been $70,400,000. Now, it will be recollected, that most of our works of internal improvement have been constructed since the year 1850.

In that year we had but 250 miles of railroad, and that of a very imperfect character, while in the present year we have 834 miles of road in actual operation.

The increased value of real estate since 1850, will alone yield a revenue, at the present rate of taxation, of $140,400.

Results like these will remove all doubt that the State has pursued a wise policy, since 1850, towards works of this character.

AGRICULTURE.

An increase in the value of real estate is naturally accompanied by improvements in agriculture and an increase in the returns of agricultural labor. Among the most interesting evidences of the advance made in this branch of our industry, and of the spirit manifested in the cultivation of the soil, are the agricultural fairs now annually held in many parts of the State. These assemblies of the people greatly tend to the dissemination of intelligence and practical information upon the subject of farming, and it is well worthy of your consideration whether they be not deserving the patronage of the State.

Further to give direction to individual enterprise, I would respectfully recommend the establishment of a Board of Agriculture, with the power to divide the State into agricultural districts, and to make suitable provisions for the giving of instruction in this branch of science.— The creation of such a Board would be attended with a trifling expense, and the appropriation of a small amount towards the salary of a teacher in each district, in aid of individual and county contributions, it is confidently believed, would be a wise expenditure of the public money.

EDUCATION.

Since the last Session of the Legislature, our system of public education, under the supervision of the able and zealous Superintendent of Common Schools, has been still further improved in its practical operation, and attended, perhaps, with greater usefulness than at any former period. Under this system the means of education, in the primary branches, are placed within the reach of every child of the State.

There was distributed to the several counties, for school purposes, by the Commissioners of the Literary Fund in 1859, $180,850.08, and a like amount the present year.

By virtue of a provision contained in the charter of the Bank of North Carolina, the public Treasurer subscribed for the Literary Fund, the capital stock of that bank, an amount equal to the stock belonging to the Fund in the Bank of the State of North Carolina, the charter of which expired on 1st January last. In order to make payment of the first and second instalments of the newly subscribed stock, that officer visited the city of New York and negotiated a temporary loan, in specie upon highly favorable terms, and such as could not have been procured otherwise than by his presence there. This loan has been since paid off by payments made upon the stock in the Bank of the State of North Carolina.

A report from the Commissioners of the Literary Fund will be laid before you.

Our Common School System was established in the year 1840, before which time there was no instruction imparted in the State at the public expense. After an experience of twenty years it will not prove uninteresting to observe the extent of the influence of this system upon the general interests of education. And while it will not be pretended that the progress made within that period is wholly attributable to our Common Schools; yet, it must be confessed that they have been mainly instrumental in awakening among our people a lively spirit on the subject of education.

The following comparative statement exhibits, with reasonable accuracy, the extent of that progress:

	1840	1860
Number of small College-s,	3	6
do Female do.	1	13
do Academies and select Schools,	141	350
do Primary Schools,	632	4,000
whole number of Schools & Colleges,	777	4,369

	1840	1860
Number of scholars at College,	158	900
do at Female do	125	1,500
do at Academies and select Schools,	4,398	15,000
do at Primary Schools,	14,000	160,000
Whole number of Scholars,	18,681	177,400

Most of our Colleges and High Schools have been established by, and are now under the control of the several denominations of christians, which is a fact not to be regretted, since the natural friends of education are to be found among those who are engaged in the advancement of religion and morals.

Before closing with this subject, I would make brief mention of the two Military Institutions recently established at Charlotte and Hillsboro'. Though not so classed, they maintain a standard of education, in the branches taught, fully as high as that which obtains in our best Colleges. I respectfully commend these institutions to your favorable consideration, as worthy of the patronage of the State.

BOUNDARY LINE.

An Act of the Legislature, at its last session, made provision for running and remarking the boundary line between North Carolina and Virginia. By virtue of the powers invested in me by the Act, I made several ineffectual efforts to procure a Commissioner to act on the part of this State with such Commissioner as might be appointed by the Governor of Virginia. It is believed, that the compensation allowed by the law, is inadequate to procure the services of a competent person to discharge the duty assigned. The importance and delicacy of the office, cannot well be over estimated, and the best talent should be employed in its execution.

In the course of my correspondence with the Governor of Virginia, on the subject, I was advised that there was then, a proposition before the Legislature of that State for running the line throughout its entire length. Whether the proposition was adopted, or not, I have not been informed. This was the first intimation I had heard that the line was not already distinctly marked in other parts than those designated in our Act.

It is important that the location of the line should be clearly understood by the people of the two States, for which reason, I would respectfully suggest the adoption of such legislation as may be thought necessary to accomplish that object.

Since the last adjournment of the Legislature, the Hon. Thomas Ruffin resigned his office of Judge of the Supreme Court, in consequence of his health's failing to such an extent as to unfit him, in his opinion, for an efficient discharge of his duties. The retirement of this able and faithful officer, furnishes a suitable occasion for a public acknowledgement of the inestimable value of his services to the State.

The vacancy thus caused, was temporarily filled by the Governor and Council of State, by the appointment of the Hon. Mathias E. Manley, to that office; upon the acceptance of which, he resigned his office of Judge of the Superior Courts, and the Hon. George Howard was appointed to fill the vacancy.

The Hon. David F. Caldwell and the Hon. Jesse G. Shepherd, also, resigned their offices as Judges of the Superior Courts. The Hon. James W. Osborne was appointed to fill the vacancy caused by the resignation of the former, and the Hon. Robert S. French, that of the latter.

It will devolve upon you, at your present session, to fill these vacancies by permanent appointments.

TAXATION AND REVENUE.

During the present year, the question of taxation, and the principles upon which taxes should be imposed, have occupied to a very considerable extent, the attention of the people. Propositions have been presented, in the public discussions of the day, favoring the mode of taxing property according to value; in some instances, with a limited power in the Legislature of discrimination, and in others, without the power of discriminating either "in favor of, or against any particular class of persons or any particular species of property." All of these propositions involve, as an incident, such an alteration of the Constitution of the State, as to require of the Legislature to tax slaves according to value, instead of by enumeration, as at present.

The principle of taxing property, according to value, may, certainly, be introduced with advantage, to a limited extent, in every revenue system; and could we imagine a condition of society where the circumstances of men, and their mode of life were the same, and the property owned by them of a like nature and kind, it might be introduced generally, with equity and justice. But it is apprehended that such a state of society will not be found anywhere to exist, and certainly not in North Carolina.

The kind of property owned by our people, and the uses to which applied, are widely variant in their character. So, too, with their mode of life, their occupations and pursuits. Some own property of a useful and necessary kind, and which tends, in its use, to increase the public wealth and the general comforts of life; others, such as is not necessary, and which, in its employments, fosters the growth of luxury, ministers merely to the pleasures and, too often, to the vicious propensities of our nature.

Now, to act upon the general principle of taxing all property a uniform percentage upon the value, without regard to its character or kind, and the uses to which it may be applied, whether it be employed in creating and multiplying the means of human existence, or in the wasting of life and the enervation of the vital powers of man, by cherishing luxurious indulgencies, whether in the encouragement of that honest industry that strengthens both body and mind, or the growth of vice and idleness, that weaken both, is, to my mind, to violate the plainest principles of political economy, to disregard the intelligent experience of mankind, and to sacrifice the best interests of society to the delusive teachings of a false philosophy.

It is claimed for this plan of taxation that it involves a principle of equality. It certainly does, and therein lies the argument against it. It would treat as equal those things, which, in themselves, are not equal, and which the public welfare requires should not be treated with equal favor by the government. It would impose an equal tax on a given amount invested by the merchant in sugar and coffee, which are among the necessaries of life, and the same amount invested by the retailer of ardent spirits, in the merchandise pertaining to his vocation, an equal tax upon books of useful instruction, and others of like value, that tend to the cultivation of a vitiated taste; in fine it would obliterate the ordinary distinctions between virtue and vice, which a moral people should keep constantly in view, in every branch of legislation.

It is said, however, by some of the advocates of this plan, that property, when employed in a way to vice and idleness, should be taxed at a higher rate than when otherwise used, and that this may be done by requiring persons thus employing it to pay a tax for the license, or the privilege of so using their property.

This, certainly, would be an ingenious mode of escaping from some of the evil consequences of a practical application of this principle, and carries with it the admission, that it is not a principle that will admit of a general, but only a limited and qualified employment.

A further examination of the subject, will discover, still other considerations that will require a departure from this principle.

According to our present revenue law, most of the banking capital bears a tax of 75 cents on the share of $100, in addition to an amount paid upon the profits of banking, equal to the tax upon the profits of money loaned at interest. The business of banking, as is well known, usually yields, with us, a clear profit of from eight to twelve per cent, annually, while persons having money at interest are prohibited, by law, from receiving more than six per cent.

Now, here is an instance of a discrimination between property employed in different ways, which it is believed, will generally be conceded to be just. It is a distinction founded in the fact that, though both modes of employment may be equally useful to the public, the one yields a larger profit than the other, and consequently, is capable of bearing a heavier tax.

A discrimination should be made, it is submitted, between the different kinds of property, with reference to their relative advantages to the public at large. For instance by our revenue law, a tax of one dollar, on the hundred dollars value, is imposed upon pleasure carriages, gold and silver plate, jewelry and luxuries of the like kind; while a tax of but twenty cents, is imposed on a hundred dollars worth of land. And this, because of the fact, that the one is a mere luxury, while the other is a necessary; the one diminishes the public wealth, the other increases it.— Yet, the principles of ad valorem taxation, would make no distinction between them, but place an equal amount of taxes upon equal values of each.— And, shall it be said, that land, upon which human habitations are built and bread is made for the sustenance of life, and from the productions of which commerce and manufactures, and indeed all the occupations of men, derive vitality and support, shall be placed upon a footing of equality, as regards taxation with pleasure carriages, gold and silver plate and the like articles of property, that minister merely to our luxurious tastes, and withdraw from useful employments the amount of capital invested in them?

There are still other considerations that should be kept in view, in the shaping of a proper system of revenue, wholly inconsistent with the idea of making no discrimination between different kinds of property.

A very considerable number of our citizens, make no surplus from the employment of their property, beyond the bare support of their families, and a law that would impose a tax upon every article of property without distinction, would have the effect to deprive them of some of the prime necessaries of life. The interests of the people of this State require, in my opinion, that many articles of property should be entirely exempt from taxation.

Thus far, the principle upon which it is proposed to collect the revenue of the State, has been considered with reference to its application to the various objects of property and the different modes of their employment. It is proposed now, to consider the rule as applicable to persons in their several occupations requiring the employment of the mental and physical powers alone.

The proposition, that in the collection of revenue, it is unjust and inexpedient "to discriminate in favor of or against any particular class of persons," it is submitted, will be found equally as fallacious, as that which would forbid a discrimination between the different kinds of property.

The injustice and inexpediency of such a rule, cannot be more clearly illustrated, than by citing as an instance its application in our present revenue law. One of the provisions of that law, imposes a tax of one per cent on the income from the various learned professions, the salaries of State and County officers, of the officers of corporations and individual employments, when the amount received by any one person exceeds $500.

Here, there is no discrimination made between the lawyer and the mechanic, the physician and the overseer, the State or county officer, whose labor is performed within doors, and the Railroad engineer, who, in conducting the locomotive, is exposed to the inclemencies of the weather and the many dangers incident to his profession; they are all treated alike under this rule of equal taxation.

Such a rule, I maintain, is erroneous in its application to persons; that it is eminently just and proper, in the imposition of taxes to discriminate in favor of particular classes of persons engaged in certain pursuits. While I regard it as altogether proper, to impose a tax upon the income of persons engaged in many of the learned professions, upon salaried officers of the State and counties, and of some corporations, I consider it as inexpedient to impose any tax at all, upon the mechanical and like employments, for the reason that, the former are capable of bearing a tax, while the latter are not, in consequence of the fact, that such employments are, as yet, in their infancy with us, and usually yield but little more than a bare support for the persons engaged in them. They are rather the proper objects of the fostering care and protection of the government than fit subjects of taxation.

In the collection of revenue from the proceeds of individual occupations, especial regard should be had, 1st to the lucrative character of the employments; 2d the comparative ease and freedom from risk with which the labor pertaining to them is performed; 3rd their relative advantages to the public at large, and consequent claim upon the government for protection; and discriminations should be made, for, or against the particular classes of persons engaged in them, accordingly as these considerations may indicate.

It were difficult, indeed, to lay down any general rule of taxation suitable to every condition of society and adapted to the ever changing circumstances of a people. However this may be, it is confidently believed, that upon a full consideration of the subject, it will clearly appear that, a general and unqualified system of ad valorem taxation, is not adapted to the condition of our people. In which event, there would be no necessity for an amendment of the constitution to produce conformity to such a system.

It will be borne in mind, that there is, in the constitution, no limitation upon the power of the Legislature to increase or reduce the taxes upon slave property, whenever the one or the other may become necessary to produce a just relation between the amount of taxes collected from that and other kinds of property. The limitation consists in requiring a uniformity of the poll tax upon white persons and slaves, white males only between the ages of 21 and 45 years, and all slaves, between the ages of 12 and 50 years, being subject to such a tax.

Whether this provision be a just one or not, can in no way be more satisfactorily determined, than by a consideration of its practical operation. The slaves of the State, according to an estimate made from the late census, may be rated at 315,000 in number.— While the white population numbers, some 680,000. The amount of taxes collected from the former, as appears from the comptroller's books, is $187,[illegible], and from the latter $[illegible] for the present year. These sums, when apportioned among our entire population, of each, would allow 60 cents for every slave and [illegible] cents for each white person.

Now, when the advantages derived from the government, by the various classes of our citizens be considered, it is submitted, that the provisions of our constitution referred to, is, in its practical operation, as above illustrated, substantially just towards all.

It is not, however, as a financial, but as a social question, that this proposition of amendment assumes its chief importance.

The entire exports of the surplus products of North Carolina, amount, in value, as far as a careful enquiry enables me to determine, to $12,000,000, annually, of which $11,000,000, at the least, may be stated as resulting directly and immediately from slave labor. This being taken as correct, it appears then that our whole social fabric is based upon, and sustained, by slave labor. There is scarcely an occupation of our people, whether mechanical, manufacturing, mercantile, or professional, that does not mainly depend upon it for a support. Without it not a railroad could be built, and of those already constructed there would not exist the means of preventing their going to decay. Upon this labor rests the public credit, and without it the State could not procure a dollar in the market, though for the most useful purpose, because she would be wholly unable to pay the interest on the public debt already contracted. In a word, the social and material prosperity of our people, and their means of living, greatly depend upon this species of labor. Its loss, with us, could never be fully supplied; for, the most productive portion of our territory would not and could not be cultivated by the white race.

In view of these facts, it is clearly the part of a prudent legislation, to avoid, carefully, every measure that would tend to the expulsion of this species of labor from the State. Already there exists a heavy drain upon it, in consequence of the greater profits resulting from its employment in the more Southern States.

That the repeal of the clause of the Constitution in question, and the consequences that would inevitably flow from that act, would add another and a powerful influence to those already existing to expel slaves from the State, does not, to my mind, admit of a doubt.

Furthermore, the constitution as it exists, is consistent with itself. All free men have the right of voting for the Members of both branches of the Legislature, and all, are required to pay a poll tax towards the support of the Government. Were this tax repealed, there would exist that anomaly in free government of the power of imposing taxes resting with one portion of our people, while the duty of paying them would remain to the other. Considered from this point of view, this feature of our constitution, which is sought to be changed, affords a highly useful protection to all kinds of property of whatever nature.

Before concluding this subject, I would respectfully suggest a revision of our revenue law with a view to its amendment in such particulars as the public interests may require. I would especially recommend an amendment of the clause imposing a tax upon incomes and salaries, upon the principle heretofore indicated.

It is believed that the condition of the public finances will admit of a reduction of the tax upon land, from twenty to fifteen cents on the hundred dollars value. Such a reduction I deem necessary to the establishing of a just relation between the land tax and that imposed upon other property of a like kind.

I would that I could, consistently with a due regard to the public interests, conclude this communication with a reference simply to our domestic affairs. It is impossible however, to close the eyes to the perilous condition of the confederacy, growing out of the agitation that has for many years been kept up against the institution of African Slavery as existing in the South.

The Republic has at last fallen upon those evils, against which, the Father of the Country so earnestly warned us in his parting advice;—it is dissevered and widely divided by "parties founded upon geographical discriminations."

The great body of the people of the Northern and Southern States entertain diametrically opposite opinions upon the subject of African Slavery; the former, that it is a moral and political evil and a sin; the latter, that it is a system of labor eminently well adapted to our climate and soil, right and proper within itself, and that so far from being a sin, its establishment among us is one of the Providences of God for civilizing and Christianizing that benighted race.

Were these sentiments entertained as abstract opinions merely, they would occasion but little disturbance to the government. It is far otherwise, however. This sentiment, with the people of the North, has assumed the form of a bold and aggressive fanaticism, that seeks the abolition of slavery in the South at all hazards, and regardless of consequences. That such is its aim, the object and the end of its daily and hourly labors, can no longer be the subject of a doubt.

Impelled by this spirit, the Northern States have violated our rights to an extent that would scarcely have been borne by any other people on earth. They have deprived us of our property, through lawless mobs, acting under the sanction of a high public opinion, and often, too, with the connivance of their constituted authorities. Organized societies, with them, have sent emissaries among us to incite slaves to insurrection and to bloodshed. Inflammatory publications, exhorting slaves to rise against their masters, have been systematically circulated throughout the South by the dominant party of the North, sanctioned and endorsed by its most influential leaders.— The Legislatures of a large majority of the non-slaveholding States, have, by solemn enactments, openly and shamelessly annulled a provision of the Constitution of the United States, for the rendition of fugitive slaves, and have legislated directly and pointedly, with the view to prevent the owner from recovering such property.

Courts of justice among them have, upon more than one occasion, totally disregarded a law of Congress enacted to secure our rights of property, and delivered over fugitive slaves to attendant mobs, with a knowledge of their purpose to prevent their rendition by force.

But little more than a year since, an armed organization was deliberately planned and set on foot by political partizans, and men high in public confidence at the North, for the purpose of inciting an insurrection of slaves against their masters. The invaders came, and in the night time, fell upon a weak and unsuspecting community and murdered peaceable and unarmed citizens.

When captured and executed for their treason and murder, they were lamented by the great body of the people of the North, as though they had fallen in the performance of some meritorious public service. It may be doubted whether history furnishes another instance among a civilized people where [illegible] and [illegible] have been so sympathized with and applauded. Since which time, men most prominent in these demonstrations have been elevated to the highest offices of State, thus evidencing the deep and pervading sentiment of hostility in the North towards the institutions and the people of the South.

Such of the invaders as escaped, were harbored in the non-slaveholding States and upon demand made, according to the forms of the constitution, the executives of two of those States, Ohio and Iowa, pointedly refused to perform their every constitutional obligation by surrendering them to the justice they had fled.

Enormities like these could not have been perpetrated towards the people of any foreign nation without involving the country in war. Indeed it is but too manifest that the people of the Southern States have not in this confederacy that protection for their property which the subjects of Great Britain, France or any other foreign country can claim and enforce against us. Should the subjects of any foreign government be despoiled of their property by the people of Massachusetts or any other non-slaveholding State restitution and indemnity would be made by our government, upon demand, or reprisals and war against the United States would enforce indemnity. But should the people of Massachusetts lawfully deprive a citizen of North Carolina of his property, he would have no such remedy and indeed no remedy at all since the constitution, which provides for such cases, has been wholly annulled by the State of Massachusetts.

The forbearance with which the South has borne these indignities and wrongs, has utterly failed to secure a corresponding forbearance upon the part of our aggressors. The spirit of fanaticism by which they are influenced, growing bolder by its lawless riot and unobstructed indulgence, has at last, so far united the Northern masses, as to enable them to seize upon the general government with all its powers, of purse and sword. These persons have been elected, respectively to the offices of President and Vice-President, exclusively by the people of one section of the country, upon a principle hostile to the institutions and domestic policy of the other. Neither of them received an electoral vote in all the fifteen southern States, and neither could have uttered, in many of them, the political sentiments upon which they are elevated to power, without subjecting himself to the penalties of the local criminal laws. A clearer case of a foreign domination as to us could not well be presented; and that it will be a hostile domination, past occurrences and the circumstances under which they have been elected, forbid us to doubt. That any people, having a due appreciation of the principles of liberty, would long submit to such a domination, it is impossible to suppose.

They now tell us, that this election has been conducted according to the forms of the Constitution, and that, therefore, the people of the South should take no exception to the fact. They, who themselves have utterly refused to be bound by that Constitution, now hold it up to us, as a bond to secure us from defending our property and lives against their aggressions.

It is true, Abraham Lincoln is elected President according to the forms of the Constitution; it is equally true, that George the Third was the rightful occupant of the British Throne, yet our fathers submitted not to his authority. They rebelled not against the man, because of any defect of his title to the crown, but against the unconstitutional fact, —the tyranny of his Ministers and Parliament.— That power "behind the throne," and which in the name of the throne attempted to deprive them of their liberties is the one with which they grappled. So it is with us. It is not the man, Abraham Lincoln, that we regard, but the power that elevated him to office, and which will naturally maintain a controlling influence in his Administration. And can it reasonably be expected, that men who have totally disregarded their constitutional obligations and proved so dangerous in the administration of their State Governments, will have moderation by this new gratification of their lust of power and dominion?

When it is considered that the sentiment of hostility to African Slavery is deeply fixed in the minds of the Northern people,—that for twenty-five years it has formed a part of their education,—been inculcated in the family circle, and taught them from the Pulpit, as a leading principle of their religion, together with the duty of its practical enforcement "everywhere and on every occasion," it must be confessed that there exists but little ground upon which to rest a hope that our rights will be secured to us by the General Government administered at their hands.

This condition of public affairs, as was to have been expected, threatens the most deplorable consequences to the Confederacy. Already, it is considered more than probable, that several of the Southern States, in the exercise of the natural rights of nations, will separate from the Federal Union, before the termination of your present Session. Such an occurrence, would present a grave state of facts commanding your most serious and solemn deliberations.

It cannot for a moment be supposed, that we could consent to have the policy of the Abolition party, upon which their candidate for the Presidency has been elected, carried out in his Administration, as it would result in the destruction of our property and the placing the lives of our people in daily peril; and even though this should not be immediately attempted, yet, an effort to employ the military power of the General Government against one of the Southern States, would present an emergency demanding prompt and decided action on our part. It can but be manifest that a blow then aimed at one of the Southern States would involve the whole country in a civil war, the destructive consequences of which to us, could only be controlled by our ability to resist those engaged in waging it.

The civilization of the age, surely, ought to be a sufficient guaranty for the prevention of so great a calamity as intestine war, even though such political changes of the magnitude of those going on around us. But, should the incoming Administration be guilty of the folly and the wickedness of drawing the sword against any Southern State, whose people may choose to seek that protection out of the Federal Union which is denied to them in it, then we of North Carolina, would owe it to ourselves,—to the liberties we have inherited from our fathers,—to the peace of our homes and families, dearer to us than all governments, to resist it to the last extremity.

Ours is a government of public opinion and not of force; and the employment of military force to control the popular will, would, if successful, result in a galling and intolerable despotism.

The prevention, then, of civil war and the preservation of peace amongst us are the great objects which North Carolina should resolve upon securing whatever changes the Government may undergo.

In view of the perilous condition of the country, it is my opinion, becoming and proper that we should have some consultation with those States identified with us in interest and in the wrongs we have suffered; and especially those lying immediately adjacent to us. As any action of ours would of necessity materially affect them, it would be but consistent with the amicable relations that have ever existed between us, to invite them to a consultation upon a question that so deeply affects us all. From a calm and deliberate consideration of the best mode of avoiding a common danger, much good might result and no evil would.

In this proceeding, we would show to the world a disposition to exhaust every peaceable remedy for the solution of our difficulties, and a firm determination to maintain our rights, "in the Union if possible, and out of it if necessary."

Such a step, too, would be but a becoming mark of respect to that considerable portion of the people of the non-slaveholding States, who have ever been disposed to acknowledge us as equals in the Union, and who have, on many occasions, gallantly struggled to secure our constitutional rights.

I therefore, respectfully recommend, that you invite the Southern States to a conference, or such of them as may be induced to enter into consultation with us upon the present condition of the country. Should such a conference be found impracticable, then I would recommend the sending of one or more delegates to our neighboring States with a view of securing concert of action.

I also think that the public safety requires a recurrence to our own people for an expression of their opinion. The will of the people thus expressed, will be a law of action with all, and secure that unanimity so necessary in an emergency like the present.

I therefore recommend that a Convention of the people of the State be called, to assemble immediately