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GOVERNOR'S MESSAGE.

To the Honorable, the General Assembly of the State of North Carolina:

By the Constitution of our State, the Governor is required "from time to time, to give to the General Assembly information of the affairs of the State, and recommend to their consideration such measures as he may deem expedient."

Before proceeding to the discharge of this duty imposed by the Constitution, it is my duty and proper that in the name and in behalf of the people of the State, I should make due acknowledgements to the Supreme Ruler of the Universe for the many blessings and privileges he has bestowed upon us, and to invoke his continued guardianship over our State and Nation.

For the last six years, gentlemen, we have been struggling to repair and rebuild the fortunes of the State which were wasted and squandered in a most calamitous struggle with the General Government. It will answer no good or useful purpose to enter upon the causes which brought on this collision. Every one has his own opinion on this subject, and instead of endeavoring to open afresh the bleeding wounds, or to revive the memories of the sad past, it behooves us all to throw the mantle of oblivion over our differences, and devote our energies to raising up our beloved old commonwealth from the low estate into which she has fallen—to place her upon the proud eminence which she occupied prior to the events inaugurated in 1861, and brought to an end in 1865, by the triumph of the armies of the Federal Government.

However much many of our wisest and best men may have believed, they were justified in resorting to hostile measures for the purpose of enforcing or defending rights which they deemed to be in jeopardy—yet it must now be apparent to every candid observer that the step was unwise in the extreme, bringing upon our State nothing but calamity, and reducing many of her people to bankruptcy and ruin. With this sad experience continually before our eyes—remembering the former grandeur of North Carolina—the happiness and prosperity of her people—the peace and good will which once reigned supreme in all her borders—the mutual forbearance and respect her citizens entertained one for another—with all these memories crowding our minds, may we now resolve that hereafter, whenever it is consistent with our honor and our good name "to bear the ills we have, rather than fly to those that we know not of?"

DEBT AND FINANCES.

The most important subject which will demand your attention at this session is the debt and finances of the State.

The report of the Public Treasurer exhibits the condition of the debt. An analysis of it will show that the debt consists of the following classes:

Table with 2 columns: Description of debt class and Amount. Includes 'First: "Old," or "ante-war" debt', 'Second: Bonds issued since the war under acts passed before, in aid of Internal Improvements', 'Third: Bonds issued since the war to fund accrued interest and past due bonds', 'Fourth: Bonds issued during the war for Internal Improvement purposes', 'Fifth: Bonds issued under acts passed since the war for Internal Improvement purposes', 'Sixth: Special Tax Bonds, issued under acts passed in 1868-69', 'Seventh: Bonds pronounced unconstitutional by Supreme Court', and 'Bonds issued to Chatham Rail-'

Table with 2 columns: Description and Amount. Includes 'road Company, now outstanding, \$350,000', 'Penitentiary on Deep River, 100,000', 'SUMMARY OF DEBT. The principal of the entire debt is \$29,900,045', 'Total amount of accrued interest thereon to, October 1, 1871, is 4,987,419 45', 'Total amount of principal and interest is \$34,887,464 45'

The only securities held by the State from which she derives any income, are the \$300,000 stock in the North Carolina Railroad Company, on which six per cent dividends have lately been realized which dividends, by a decree of the Circuit Court of the United States, for the District of North Carolina, have been subjected to the payment of interest due on the bonds of the State issued to pay for said stock.

Commenting on the foregoing list, I remark that the first class, consisting of the ante-war bonds, originally sold some over par, all averaging nearly par, the proceeds of which mainly built our railroads, seem to be of the highest dignity. The second class, although issued under acts passed before the war, it is notorious were sold at not more than fifty cents in specie, and not exceeding sixty-five or sixty-six cents in currency when their depreciation was heavy. It is believed that many realized less than fifty cents in specie.

The bonds of the third class are also of undisputed validity. In fact, many were exchanged for old or ante war bonds which had become due, or for those which had become mutilated or scratched—the residue for coupons at par (without interest at maturity) which had become due mainly on the ante-war debt.

The fourth class the General Assembly has heretofore, except to a small amount, refused to recognize; but it seems difficult to prove that they have not been validated in general terms by the ordinance of the Convention of 1865-66, declaring all debts binding on the State when not incurred in aid of the rebellion. But if recognized they should be scaled according to the rate of depreciation at the date of issue, and of course they should not be recognized unless it shall be proved that their proceeds were applied to building our railroads.

The fifth class stand on the same footing as the second, but they were sold probably, at a lower average price. The bonds of the sixth class were sold, nearly all of them, at ruinous rates—many bringing only from ten to thirty cents in currency; very many were sold under circumstances which ought to have put prudent men on their guard—sold in a reckless and gambling manner, so that it was plain to the most unwise, that the agent of the company to which they were issued was not acting with fidelity to the interests of his principal—besides many were disposed of after the General Assembly, by the act of January, 1870, give notice to the world that they had ordered the return of said bonds, and that future sales of them would be invalid—and lastly a large number, according to a report made by a committee of the House of Representatives, were issued without the certificate required by law.

The seventh class, I am of opinion the State cannot recognize, but if she owns any property, purchased with the proceeds of these bonds, such property might be surrendered to bona fide purchasers of said bonds before their constitutionality was questioned—further than this in my opinion the General Assembly cannot go.

In considering the important and most difficult problem of the public debt, the following questions present themselves:

- 1st. What is the actual amount for which the State in equity and good conscience is liable?
2nd. This amount being ascertained, are the people of the State able to pay the annual interest on the same, regularly and promptly?
3d. If theoretically able, are they in their present condition of poverty and depression, willing to submit to the sacrifices required?
4th. Supposing that the people are either not able or not willing to pay the interest on the public debt for which they are justly liable, what shall be done? Shall we do nothing, or endeavor to effect an honorable settlement with the public creditor?

With regard to the first question as to the actual amount for which the State is justly liable; in my judgment this cannot be ascertained without investigation by able financiers and business men—men trained to weigh evidence, and of discernment sufficient to detect fraud.

As to the second question; I remark that the report of the Auditor shows that the people of the State are in such a state of depression that the total valuation of real and personal property will not exceed \$121,000,000.00. The immense natural resources of the State are admitted, and it properly developed, the taxation necessary to pay the interest, on a much larger debt would be a light burden. The low valuation above stated shows that the annual profits from this property is small. To pay this interest and support the State and county governments, as well as to provide for the education of our children, to say nothing of the payment of old debts owing by counties and towns, which in many instances is being enforced by the courts, will be such a large per centage of the income of our people, that I am forced, reluctantly to conclude, that they cannot bear the necessary taxation without being deprived of their property, and in some cases of even the necessities of life.

If I am correct in supposing that the people cannot now shoulder this taxation, it is unnecessary to inquire into the third question, as to their willingness to do so. Our people are generally honest. Repudiation directly is far from their thoughts. Any such action will be in the last degree painful and revolting to them. Their evident unwillingness at this time, arises from their

belief that they are unable to pay. Whether right or wrong in this opinion, they are honestly determined, I think, on this question. If I am correct in judging the public mind, then the public creditor has no means of enforcing the satisfaction of his debt by law. The State cannot be sued by him; but even if it were otherwise, all legal process against large communities, unanimous in resisting, would be vain. The experience of creditors of single counties in the North-west and elsewhere, shows that it is difficult and costly to recover satisfaction out of a single county in a State. If all the counties are in the same mind, and threatened with the same exactions, such recovery will be utterly impracticable. Officers could not be found to enforce the process of the courts, and even if enforced, the recovery would be valueless. Not only in America, but in despotic countries, the settled will of the people will always prevail against the theories and technicalities of law, however supported by precedent—just as in the late war we found the courts always deciding stay laws to be unconstitutional, yet the people, through the Legislature, in defiance of the courts, managed to stay the collection of debts.

The only remedy which the public creditor can possibly make available, as to the legality of which I express no opinion, is the enforcement, through the courts, of the provisions of such charters of the various Railroad Companies in which the State owns stock as subject the stock held by the State, and all dividends thereon to the payment of the principal and interest of the bonds issued for the benefit of such companies. In the case of the North Carolina Railroad Company, the Circuit Court of the United States for the District of North Carolina, has already decided to subject the dividends declared by the Company on the stock belonging to the State, to the payment of interest on the bonds of the State issued for the benefit of that corporation. It is said to be in contemplation to ask the court to order a sale of stock held by the State sufficient to reimburse to the bondholders the dividends heretofore paid into the Public Treasury. I respectfully suggest to the General Assembly whether it is not proper to order a sale of all the stocks owned by the State, to be paid for in the securities for which such stocks were originally pledged. Such a course would reduce the debt of the State to a large extent and seems to be demanded by the terms of the contract with the public creditor.

The last question is, what shall be done with the public debt, supposing that the State cannot, or will not, pay the interest now, and will not give any assurance of paying the same within a reasonable time? Several schemes are suggested in this regard. Some say, "Let matters remain as they are—make no provision for paying interest—make no effort for a reasonable settlement—pass no act of partial repudiation—let the future take care of itself." If this plan be adopted, certainly interest will accumulate so rapidly that the very magnitude of the debt will lead to total repudiation eventually. I think this plan neither honest, nor manly, nor wise.

Another plan is to pay two per cent, interest the first year of the whole debt after the just and true amount shall have been ascertained; three per cent, the next year; four per cent, the third year; five per cent, in 1875 and so on in regular progression, so as to make an average of six per cent in the whole. Such a scheme was adopted in Missouri since the war. This plan could not be successful or expedient, except in a State rapidly increasing in population and wealth. The annual payments would soon become so large that they would be intolerable, unless the taxable property should correspondingly increase. It is also liable to the objections that it is a mere speculation on the supposed events of the future.

A third plan is to assure the public creditor that the State is at present unable to pay interest on its debt—that it acknowledges the binding force of the debt—that it desires to fulfill all its obligations, and will do so at the earliest time possible; but that it is a matter of uncertainty when that time will arrive. The people can pay something at present, possibly they may be able to pay a larger proportion hereafter—whether they can or not is one of the uncertainties of the future. Hence according to this plan we may offer the following proposition: Let the State create a new debt, issue new bonds bearing three per cent, interest, payable in specie, with a tax imposed in the act, sufficient to raise funds to pay such interest—then make it optional with the bond holders to exchange their old bonds for the new issue or await the chances of such improvement in the condition of the State as will secure to them payment of their claims in full. I suggest, without making any recommendation either pro or con, that it might be provided that in lieu of \$1,000 bonds bearing three per cent, interest, \$500 bonds bearing six per cent, interest might be given in exchange for each \$1,000 bond held by him.

In my opinion the people can bear the burden of such a settlement, and those bondholders who do not think they have a specific lien on valuable stocks owned by the State (e. g., those of the North Carolina Railroad Company) would be willing to accept one proposal or the other. Of course it will be entirely optional with the creditor whether he will accept either proposition, or await future developments. By pursuing this course the General Assembly would merely acknowledge frankly a palpable truth; they would offer the best, which in the judgment of many the people can do at present, and they would refrain from a repudiation of their contracts.

But whichever course the General Assembly may see fit to adopt, I think it absolutely essential that a commission shall be constituted, in whom the public have confidence, to ascertain and report all facts connected with the public debt, so that some definite conclusion may be reached by the Legislature as to the true, legal, equitable liabilities of the State,

This commission should likewise ascertain from the creditors their views as to what final and honorable settlement can be made of their claims. Considering the enormous losses of the State, in able bodied men slain or disabled—in the sudden overturning of the system of labor—in the destruction of property—in the insolvency of all its banks, and the loss of their circulating medium—in the ruin of crops by various causes—in the want of good faith of some of her agents, and in fine in the countless losses and disasters of a people conquered after a long and desperate war, the creditors ought to be reasonable and willing to compromise; and certainly it is not unmanly in our people frankly to confess the facts of their condition—the results of their fruitless struggle.

The above observations are made, because I feel painfully anxious on account of the condition of our public debt. Repudiation of our contracts in any shape, would leave such a stain on our conscience and our honor, would bring such disgrace and, directly and indirectly, inflict such an injury on our people, collectively and individually, that I have felt it my duty to state all the difficulties of the financial situation with the utmost frankness in order to show the necessity for prompt action. Let us ascertain the full extent of our obligations, and then manfully address ourselves to the task of fulfilling them in the most practicable manner which will commend itself to the wisdom, and good sense, and integrity of the people of the State. If the General Assembly shall see fit to authorize the appointment of a commission as above suggested, it may be advisable to defer maturing any financial plan until their report shall be presented—and perhaps by that time such renewed prosperity may, in the Providence of God, be vouchsafed to us as will demonstrate our ability to meet all just demands, and infuse into our people the disposition to bring back to North Carolina her ancient, proud financial reputation.

CONDITION OF SOCIETY.

It is a matter of unfeigned regret to me, to feel obliged to call the attention of the General Assembly to the disorganized condition of Society in our State. I shall not consume your time by entering into a detailed statement of the extravagances and crimes which have been committed in various localities within our borders. They are fresh in the recollection of all. Their commission has brought reproach upon our people, and the material interests of the State have been most seriously and injuriously affected by them. The tide of immigration, which at one time seemed to be setting towards our shores has been driven back, and thousands of persons with millions of capital, have been deterred from settling among us by the tales of horror which have reached their ears, as occurring almost daily in some portions of the State.

It behooves you, gentlemen, to take this matter into your serious consideration, and to devise measures and enact such salutary laws as will restore peace and good feeling among our people, and deter evil disposed persons from taking the law into their own hands and becoming the executors of unauthorized judgments. Until this be done, and the civil law is made to reign supreme in the State, and its ministers are respected, and their hands upheld and strengthened, there will be no peace, prosperity or real happiness among our people. What greater good then can you accomplish than to strive by wise and prudent legislation, divesting yourselves of all party prejudices, to put down and utterly exterminate all unlawful combinations, by visiting upon offenders such a measure and such a certainty of punishment as will deter them from further prosecuting their nefarious purposes, and give assurances of protection in the enjoyment of their lives, liberties and rights, both of person and property? Do this, and in a very short time immigration will begin to flow to our State, our waste places will be built up, our soil will groan with the rich products of the earth, our deserts will be converted into gardens, and our whole people will dwell together in such unity as becomes a civilized and christian community.

EDUCATION.

I desire, gentlemen, in an especial manner to call your attention to the educational interests of our State. No people can be prosperous or happy who are bound in the chains of ignorance, and who have no facilities for bursting asunder the fetters which dwarf their minds and cripple all the nobler faculties of their nature. It may be said that North Carolina is too poor to do more than she is now doing for the cause of education. It may be imprudent in the people in behalf of our University, or any of the colleges or high schools in our midst. But we are far behind the people in the cause of common schools—it is much better that all shall receive the rudiments of a good English education, be taught to read fluently, write legibly, and understand the use of figures, than that a few shall be educated in the higher branches of art and science. The one is absolutely needed to make our men and women good and useful citizens, while the other may be dispensed with until a new era of prosperity shall dawn upon us, and enable us to rebuild and rehabilitate the University, and establish throughout our borders colleges and schools of high grade and character. Go to work to every child in the State shall be taught to read and write—that those who are not able to educate themselves shall be educated by the State—that in the next decade every person between the ages of ten and twenty-one years who is of sound mind, shall be able to read the word of God and the Constitution and laws of the country. Fear not to levy tribute for this glorious cause. It will be like bread cast upon the waters—that shall find it after many days."

THE UNIVERSITY.

With regard to the University of the State, a principal objection to its success is its pecuniary embarrassments, for which, as far as I can judge, the present board of trustees are in no wise responsible. The principal debt amounting to about sixty thousand dollars was incurred and a mortgage made to secure the same, before they came into office. In 1868 the patronage of the Institution had been reduced to less than one hundred students. Prior to this time, however, the chief portion of its endowments had been lost by unfortunate investments. Until the Institution is relieved from debt, and its property from incumbrance, there can be but little hope of its success or usefulness. In my opinion an honest and faithful effort was made to lift the University from the condition in which it was found at the close of the late war. This met with little or no favor from the class of persons by whom it was crushed. They have not aided the officers in their efforts to build it up. Public opinion has been moulded against it by the most unscrupulous misrepresentations, and by violent appeals through a partisan press. Those who would have patronized it were threatened with social ostracism. The young were deterred from entering its halls, and parents very naturally hesitated to compel the attendance of their sons, and now the cause of failure is imputed by some to the Trustees and Faculty. The remoteness of Chapel Hill from the railroad is believed by many to be in the way of its prosperity. It is more difficult of access than any other colleges; but this is a matter of minor importance.

The foregoing are some of the difficulties with which the University has had to contend. Just prior to the late election a spirited controversy began in some of the religious newspapers, in which it was proposed to abolish the University. This, I imagine, was in view of the calling of a Convention. Those who have since pursued the controversy seem to have done so without advertent to the change in the situation.

The Constitution of the State not only contemplates the continuance of the University, but actually prescribes rules for its management. The corporation cannot be dissolved while the present Constitution stands. It has been suggested that the Trustees should sell so much of the property as is situated at Chapel Hill and purchase a more eligible location elsewhere. From such a sale, at this time, the trustees would probably not realize half the actual value of the property, and it could result in no more, if as much as the bare payment of the debts, and leave the Board without the means of future operations. I cannot believe that such a proposition will meet with any favor in any quarter at the present time. Under all these circumstances I recommend the legislature to adopt such measures as in its wisdom will secure the interests of the State from a great loss, and prevent the property of the University from a forced sale for the payment of debts. Then close the doors of the institution until more prosperous times. In the meantime give to the Superintendent of Public Instruction power and authority to take all the property into his possession, and make such a disposition of it by lease from year to year, as to him shall seem most conducive to the interests of the University and the State—requiring from the lessee a bond with ample security for the safe keeping and good care of said property and also for the annual payment of the rents until the expiration of the lease.

SUFFRAGE.

The greatest bulwark of civil liberty, and the one best calculated to promote and make perpetual the freedom of the citizen, is the right of suffrage. The exercise of power in all well regulated governments, upon them fall all the burdens of keeping the machinery of State in running order. They furnish the means to build up our schools and colleges; to make our Railroads, and canals; to erect your asylums and charitable institutions; to sustain your ministers of law; to repress domestic violence and to defend our country against invasion from a foreign foe. For these services they ask nothing in return but the right to choose their agents of government and their representatives in the nation and State, and the enactment of such laws as will protect them in the enjoyment of all the rights and privileges accorded to them by the Constitution and laws of their common country. While the people have the privilege to select their own law makers, without let or hindrance; while they feel free to march up to the ballot box and vote according to the dictates of their own better judgments; while they have ample and unrestricted opportunities to exercise this inestimable right, there need be no fear for the perpetuity of our republic. Then, gentlemen, it is your imperative duty to make the ballot box accessible to the people as it is possible to make it. Throw no obstructions in the way of a free ballot to those who are entitled to vote. Let the poorest and humblest individual in our State feel that he is as welcome at the polls as is the richest and mightiest man in the land. Cause him to feel that if he is made to bear the heat and burden of the day in time of danger, when the sons of our soil are called upon to defend our rights on the battle field, so in time of peace he is welcome to all the immunities, privileges and franchises which his valor secured. I therefore warn you not to place the ballot box beyond the reach of any of our people who are rightfully entitled to approach it. Throw no troublesome obstacles in their way—give them no just cause to complain of oppression, injustice or a withholding of any of their rights, but aid and encourage them in all their efforts to discharge their duties as becomes freemen. In order to accomplish this end I think it necessary to amend the law now in force, so that the elector may have the right to deposit his ballot at any election precinct in his county. There is no good reason why he shall be restricted to the

township in which he resides. It often happens under our present system that a voter is forced to travel a much greater distance to reach a polling place in his own township than he would be to one in an adjoining township. I am also of opinion that registration ought not to be allowed on the day of election, and that no voter should be challenged except at the time of registration, and it should be made the sworn duty of every registrar to challenge every man who applies to be enrolled as a voter unless he knows of his own knowledge that he is legally entitled to be enrolled. Many persons have been prevented from exercising the right of suffrage by reason of evil minded persons challenging their right on frivolous grounds, so as to consume the time within which the polls are to be kept open. This evil should be remedied, and I know of no other way in which it can be done unless it be by extending the time of voting throughout two days instead of one. The law should also provide that a voter may deposit all his ballots in the same box, instead of requiring a multiplicity of boxes to receive the various ballots for the different officers to be voted for. It is a notorious and lamentable fact that a large number of the electors in North Carolina, of both colors, are uneducated and not able to read, and under the present system of voting where persons are required to vote by ballot, and to have a separate ballot for every person voted for, many of the tickets necessarily find their way into the wrong box and are discarded as blanks, and thus the voter is, by law, cheated out of his choice. I take it for granted that every law maker is not only willing, but desirous that every man entitled to vote shall exercise the privilege, and shall have every facility for exercising it, and that it will be the aim of this General Assembly to amend the law upon this subject, so that the evils and difficulties above enumerated may be remedied and avoided. It may be said that frauds will be perpetrated more readily if persons are permitted to vote in townships other than the ones in which they reside. In reply to this objection it is only necessary to refer to the former method of voting in North Carolina, under which there were few frauds perpetrated, and seldom a complaint made. And now with the additional safe-guard of registration, it will be almost impossible for any one not qualified to avoid detection in an attempt to vote illegally. If, however, any one shall succeed in eluding the vigilance of the poll-holders, and vote when he has no legal right to do so, then let the severest penalties of the law be visited upon the offender, and in order to deter every one from the commission of this offence, I recommend the General Assembly to subject any one convicted of casting an illegal vote willfully and knowingly at any election, to a punishment for at least two years in the State's prison, and a deprivation of the right of suffrage for a term of years thereafter. The purity and inviolability of the ballot box must be preserved, and he who is so corrupt as willfully to invade and prostitute it, should be made to know that he will be held to a strict and fearful accountability.

CONSTITUTIONAL AMENDMENTS.

The subject of amending the Constitution has been agitated for some time before the people, and many well informed persons differ among themselves as to what amendments shall or ought to be made. I am free to confess, gentlemen, that I feel a very great reluctance to make any recommendations to you upon the subject, although my individual opinion is that the instrument may be very materially improved in some of its provisions. The question of calling a Convention for the purpose of revising and amending it has recently been before the people themselves, and by a large vote and in an emphatic manner, they declared against amending it, at least in that way; it may be that they believe the clamor raised for a change of the organic law was due more to legislation under the Constitution than to any defects in the Constitution itself, and that the greater portion of the grievances complained of might and should be removed or remedied by wise and prudent legislation. In this opinion I heartily concur. The Constitution is not to blame for the high salaries and fees paid to various State and county officers; neither is it censurable for the great length of time consumed by the present and preceding General Assembly in enacting laws; nor can it be held responsible for the extravagant appropriations made for Railroads and other works of improvement. There is nothing in said instrument which fixes salaries on fees, or prescribes the length of your sessions, or which directs the lavish appropriations of money—all this is done by persons chosen by the people themselves to be their law-makers, and upon these law-makers who have been faithful to the trusts confided to them and not upon the Constitution should be visited the condemnation of their constituents. They are the parties to be held responsible for a betrayal of the people's confidence. Unfaithful stewards who have not improved the talents committed to their keeping, they should be reckoned as unprofitable servants and no longer worthy of public confidence. Then I entreat you to retract any false step which may have been taken; be diligent in the discharge of your legislative duties; waste no time in needless legislation; go to work without unnecessary delay; enter at once upon the public business; and bring your labors to a close at the earliest possible moment consistent with the public good. I recommend the following amendments to the Constitution:

- First. Let section 2 of Article II, be amended that the General Assembly shall meet biennially on the third Monday in November, instead of annually, and that it shall not remain in session for a longer time than seventy days, unless the seventh day occurs on Saturday or Sunday, and in that case, it may be prolonged to the seventh first or seventh-second day; and further, that if it remain in session a longer time, the members shall receive no pay after the seventy-second day.
Second. Let the 5th section of the same