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GOVERNOR'S MESSAGE.

EXECUTIVE DEPARTMENT, }
Benicia, January 3, 1854. }

Fellow Citizens of the Senate and Assembly :

Under the guidance and protecting care of that Divine Goodness, to whom it is our duty to address devout gratitude for the past, as well as fervent supplications for the future, you, the immediate representatives of the people, have convened, and under the most favorable auspices, are about to commence your legislative labors. The constitutional duty again devolves upon me of communicating with you, by message, setting forth "the condition of the State," and commending to your favorable consideration such measures as I may "deem expedient."

In the performance of this important duty, at the commencement of a new term of office, I am filled with emotions of gratitude to the people, whose generous preference has again called me to preside over the destinies of this young State, and to that gracious Providence under whose kindly protection we have advanced so rapidly in the paths of progress and of peace.

The obligations which the confidence of a free and intelligent people imposes, will be acknowledged on my part by an anxious desire and continued effort to discharge my public duties in accordance with my convictions of right and justice, and in strict compliance with the constitution and laws.

On the occasion of your assembling, permit me to congratulate you upon the healthy and prosperous condition of the country. During the year just closed, Divine Providence, ever watchful over the affairs of men and nations, has been pleased to smile upon our favored State, and to bless us with health within our borders, and plenty in our habitations. The

borders, and plenty in our habitations. The mineral wealth of our mountains continues to be the admiration and wonder of the world; the products of our valleys, already the pride and boast of our own people, promise in a few short years, under the hand of careful culture, to more than equal the wants of California; our commerce greatly expanded and diversified, has been much more than remunerative; in short, all the sources of wealth have been greatly augmented by the enterprise and well-directed efforts of our people.

In compliance with constitutional requirement, and with a view to facilitate your legislative labors, correct information, in relation to the condition of the State, will be given in as brief a space as possible: and measures deemed important to California, and the welfare of the whole people, commended to your favorable consideration.

The existing debt of the State on the 20th day of December, 1853, is set forth as follows in the report of the Comptroller of State:

CIVIL DEBT.

Amount of 3 per cent bonds	
outstanding,	\$4,075 00
Am't of interest on same to	
date,	5,501 25
	<hr/>
	\$9,576 25
Amount of 7 per cent bonds of 1851,	384,000 00
Amount of 7 per cent bonds, 1852,	1,422,000 00
Amount of State Prison Bonds,	
Act of 1853,	100,000 00
Amount of Comptroller's Warrants	
outstanding,	161,619 80
	<hr/>
Total am't of Civil Indebtedness,	\$2,077,196 05
Amount of War Debt, principal	
and interest,	924,259 65
	<hr/>

Total debt of the State, exclu-	}	\$3,001,455 70
sive of the School Fund,		

And, if we include the \$463,360 received for School Warrants, then it is \$3,464,815 70. On the amount received for School Land Warrants the State is pledged for the payment of an annual interest of seven per cent. to the School Fund; but the principal is not regarded as legitimately a debt of the State, because realized

ultimately a debt of the State, because it is derived from sales made of her own property, and the interest money which has accrued, as on the balance of the civil debt, is not included, because the amount is now in the treasury. Beside this, the debt contracted for Indian expeditions, amounting in the aggregate to the sum of \$924,259 65, should be regarded rather as an *apparent* than *actual* indebtedness, and one which Congress is bound, sooner or later, to assume--the General Government having failed to extend to our people the protection guaranteed by the Constitution of the United States.

The adjusted indebtedness of the State on the 31st of December, 1851, as reported by the Comptroller, amounted to \$1,242,339 74, as follows:

Total amount of adjusted Civil In-	
debtedness,	\$796,963 95
Total amount of adjusted War debt,	445,375 79

Total amount,	\$1,242,339 74
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It is deemed proper, in this connection, to explain the causes of the *apparent* increase of State indebtedness within the last two years, and in doing so, it may be necessary to enter more into detail than has heretofore been the custom of the Executive.

Before recapitulating the several items and dates necessary to a correct understanding of the subject, I may be allowed to remark, that the responsibility, whatever it may be, rests entirely with those agents of the State who *contracted* the debts, and not upon those who, subsequently, in obedience to law, merely adjusted and issued warrants upon the treasury in payment of them. With the latter, there is certainly no discretionary power; whether it existed with the former, it is not necessary for me now to enquire. The faith of the State had been pledged for indebtedness incurred, and without actual repudiation, there was no other course to be pursued by the present agents of the State than to issue warrants on the treasury in compliance with law.

The explanations deemed proper, will, in part, be found in statements A, B and C, herewith transmitted. (See Appendix.)

Statement A. exhibits the various debts *con-*

Statement A, exhibits the various debts contracted prior to the 1st of January, 1852, but which were not audited by the proper officer until *after* that date, amounting, in the aggregate, to the sum of one million fifty-two thousand four hundred and ninety dollars and ninety-two cents.

Statement B, exhibits the several amounts appropriated by the Legislature of 1852 and 1853, for special objects, having no necessary connection with the administration of the State Government, amounting in the aggregate to the sum of four hundred and thirty-six thousand three hundred and fifty dollars and seventy-eight cents.

Statement C, exhibits the expenses of the several departments of the State Government since its organization.

RECAPITULATION.

Amount of <i>adjusted</i> indebtedness on the 1st day of January, 1852. (See Comptroller's special report of Jan. 22, 1852)	\$1,242,339 74
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Amount of indebtedness incurred <i>prior</i> , but not audited until <i>after</i> January 1, 1852, (see statement A,)	1,052,490 92
	<hr/>

Amount of <i>actual debt</i> on 1st January, 1852,	2,294,830 66
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Amount appropriated by the Legislatures of 1852 and 1853 for special objects unconnected with the administration of the State Government, (see statement B,)	436,350 78
	<hr/>

Amount of <i>actual debt</i> on 1st January, 1852, and special appropriations by the Legislatures of 1852 and 1853,	2,731,181 44
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Total amount of <i>coin</i> paid in the redemption of three and seven per cents of 1850 and 1851,	\$349,978 41
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From the above recapitulation it will be seen that the debt of the State, incurred in defraying the *necessary* and *legitimate* expenses of Government since January 1st, 1852, has increased comparatively but a small amount.

comparatively but a small amount.

The amount of coin, (\$349,978 41,) applied in the redemption of bonds since January 1st, 1852, it is proper to state, was diverted, at a time when much required, from the revenues relied upon to defray the current expenses of Government, and in lieu of which it became necessary to issue Comptroller's Warrants for a greatly increased amount, the difference between \$349,978 41, in cash and scrip, at eighty cents on the dollar, being \$87,494 60.

The enormous rate of interest, (three per cent per month or thirty-six per cent. per annum,) payable on most of these bonds, rendered their early redemption a matter of great importance to the State, and it gives me sincere pleasure to be able to inform you that there are now outstanding but about four thousand dollars, of the whole amount issued.

The whole amount of three per cent. bonds originally issued was \$290,000, upon which interest to the amount of \$182,268 50, has been paid, exclusive of the \$5,501 25, due on the \$4,075 00, still outstanding.

The receipts and expenditures for the ensuing fiscal year, are estimated by the Comptroller as follows :

Receipts,	\$780,000 00
Expenditures,	960,000 00

The assessment returns have been received from twenty-seven counties. Appraised amount of real and personal property, \$91,338,175. The remaining eight counties will increase the assessment to at least \$100,000,000, being an increase, compared with 1852, of \$40,783,144.

Amount of revenue on an assess-

ment of \$100,000,000, at sixty	
cents on each \$100 of valuation	\$600,000 00
Amount of Foreign Miners' Tax,	125,000 00
“ Poll Tax,	60,000 00
“ Consigned Goods,	50,000 00
“ Auction Duties,	75,000 00
“ Passenger Tax,	26,000 00
“ Library Fund,	2,000 00
“ Possessory Claims,	2,000 00

Total amount,	\$940,000 00
Deduct for delinquencies and	

cost of collection, 160,000 00

Nett amount of revenue, \$780,000 00

From a close investigation of the subject, I am inclined to believe that the estimated receipts are at least one hundred thousand less than will actually be collected before the close of the present fiscal year, and have every reason to expect that the total receipts will vary but little from \$800,000.

The cash receipts into the General Fund from

The cash receipts into the General Fund from Dec. 27th, 1853, to April 15th, 1854, inclusive, are estimated by the Comptroller of State at \$175,000, which sum, together with the amount realized in cash from the sales of property made by the City of San Francisco on the 26th of December, 1853—presumed to be about \$200,000—can be applied in payment of accruing expenses of Government.

To provide the amount of means necessary for the speedy payment of the existing Civil Debt, I recommended, at the commencement of the last session of the Legislature, an Extension of the Water Front and the sale of the State's interest in all property within the limits of the city of San Francisco.

The Legislature having adjourned, however, without passing a law authorizing the Extension, as then recommended, I deem it my duty again to invite attention to the question, and to implore you to give to the subject early and favorable consideration.

Every consideration of honor, patriotism and fidelity to our constituents, imperiously calls upon us, at this time, to apply all the means, legitimately at our disposal, in payment of the existing State debt.

Since the adjournment of the Legislature the question of Extension has been discussed and examined in all its bearings, and it gives me pleasure to assure you that the project has now comparatively few opponents.

That the title to this property is in the State of California, and that her agents alone have power to dispose of it, seems now to be generally conceded. Indeed, it cannot be even plausibly questioned that the moment the right of sovereignty vested in the United States, they

took upon themselves merely the right to hold the municipal eminent domain in trust for such new States, as might be organized within the acquired territory: and upon their admission into the Union, to invest them with it, to the same extent and in all respects as the other States of the Confederacy.

The Supreme Court of the United States, at its January term, in the year 1845, declared that "The power of Congress over navigation, and its power to make all needful rules and regulations for the sale and disposition of the public lands, conferred no power to grant lands, below high-water mark, in any State admitted into the Union; that the shores of all navigable waters, and the soil under them, were not granted by the Constitution, but were reserved by the States respectively, and that the new States have the same rights, sovereignty and jurisdiction as the original States." It cannot, therefore, be doubted, that on the admission of California into the Union, the exclusive right to dispose of all the lands "below high-water mark" within her limits, passed to the State.

The Supreme and Circuit Courts of the United States, it may be proper here to remark, have also well settled the principle that no separate or exclusive right, adverse to the sovereign and public right, is acquired by a city or town to the tide waters or the soil under them, by virtue of an act of the Legislature, merely extending the limits of such town or city over such waters. An act extending the bounds of a city or town over a bay, merely for the purpose of jurisdiction, is no evidence of a grant of property in the "soil covered by water." Numerous decisions could be here cited in support of this position, but it is not deemed necessary.

Permit me, in this connection, however, to suggest that in carrying into effect the recommendation to extend the Water Front of the city of San Francisco, it would be advisable to provide for the appointment of a Board of Commissioners, with such checks and limitations as may be necessary, and that, without prescribing an arbitrary line, authority be given them to extend at such points, and to such distance, as may, after careful examination, be deemed

as may, after careful examination, be deemed proper and expedient; provided, that at no point shall the extension exceed a given number of feet; and further, that the said Board be required to provide for as many slips, to be kept free and unobstructed, as may be necessary for the wants and requirements of commerce.

It is believed that extension can be made at various points, and in such manner as will not only cause no injury to the harbor, but result in positive benefit. By providing proper slips, to be kept open and unobstructed, for the convenience of commerce, sufficient drainage can be obtained, and the expense and inconvenience incident to a change of the present grade of the city avoided.

The practicability of this measure cannot be questioned, and the fact that from a judicious sale of the property within the limits of the proposed extension, sufficient means will be realized to pay the State debt, and relieve our people from the burthen of onerous taxation,

must commend it to the favorable consideration of the Representatives of the people. And, as these facts are better understood and appreciated by the citizens of San Francisco, there can be no doubt that they will hail the extension, not only as an act beneficial to themselves, but as imperiously demanded by the future wants and interests of the great and populous emporium of the Pacific.

The consummation of the measure of extension, in the manner contemplated, in truth, must result directly to the advantage of the residents of the City of San Francisco, and, indirectly, benefit the whole people of the State.

The limited space now occupied by the business portion of the city, demands extension for the accommodation of her present commerce, which is now in its infancy, and small indeed compared with that which we have every reason to believe will, at no remote period, be centered in the harbor of San Francisco. To assume that the commerce can be conveniently or advantageously transacted within the present contracted limits, or that it will recede from, rather than encroach upon the water, is alike contrary to well-matured public opinion and past experience.

experience.

The sale, from time to time, as deemed expedient, of such an amount of water property, adapted as it is to the wants and requirements of commerce, must exercise a wholesome influence in regulating rent charges, which, in the increased price of goods, are eventually paid by consumers throughout the State.

The harbor of San Francisco, from its position and capacity, is of more importance to the commerce of the world than any other within our confederacy, and it is therefore hoped that Congress, during the present session, will adopt the necessary measures to protect and render it perfectly secure.

By an Act of the Legislature, approved March 26, 1851, property owned by the State known as the "Beach and Water Lot property," was released to the city of San Francisco for the term of ninety-nine years, the city to pay unto the State Treasury twenty-five per cent. upon all moneys arising from the disposition made of the property after the passage of the Act. On the first day of May, 1851, another Act was passed, relinquishing to the city certain Beach and Water Lot property, upon the express condition that certain titles which had been theretofore granted by Justices of the Peace, should be confirmed. The requirement to confirm grants made by Justices of the Peace, up to March 12th, 1853, the date of the repeal of the Act of May 1st, 1851, had been wholly neglected, and up to the 25th December, 1853, comparatively but a small sum had been paid into the State Treasury, under the provisions of the second section of the Act of March 21, 1851.

I would therefore recommend that the Act approved May 18, 1853, entitled "An Act to provide for the sale of the interest of the State of California in the property within the water front of the city of San Francisco, as defined in and by the Act entitled "An Act to provide for the disposition of certain property of the State of California," passed March 26, 1851, be so modified as to authorize the Board of Commissioners appointed under the Act aforesaid, to dispose of the State's remaining interest in said property, in such manner and at such times as they may deem proper and expedient.

The right of the State to dispose of the re-

The right of the State to dispose of the reversionary interest in the property released to the city by Act of 26th March, 1851, it is believed, cannot be questioned, and although owing to the fact that the property has been released to the city for a long term of years, the sum realized on each lot may be small, in the aggregate it will constitute an important item in meeting demands upon the State Treasury.

Persons who have purchased heretofore from the city of San Francisco, in good faith, cannot reasonably object to the sale, because, by obtaining the State's remaining interest, a perfect title to their property may be acquired. On the contrary, it is presumed that they will eagerly embrace the opportunity thus offered, of extinguishing an interest adverse to their own, and which each year increases in importance, while the value of their own tenure is being as constantly decreased.

In addition to the amount derivable from the sale of lots within the limits of the proposed extension, the Government Reserves, and the State's remaining interest in the property released to the city, and sold in accordance with the provisions of the Act of March 26th, 1851, the sum of \$298,437 accrues to the State, as her portion of the amount realized from sales made by the city, of this description of property, on the 26th day of December, 1853. Add to the above, the \$473,475 realized from sales of property made by the State Commissioners, and we have the sum of \$771,912, of which amount, at least \$650,000 can be applied, as received, in part payment of the Civil Debt of the State.

From these sources the amount which will be

From these sources the amount which will be realized, it is confidently believed, cannot be less than Seven Millions of Dollars, an amount sufficient to pay the entire debt of the State, civil and war, and leave in the Treasury a balance of more than three and a half millions.

Before dismissing the subject, I would remark, that it may not be necessary, or advisable, to sell immediately the whole of the property within the proposed extension, but only so much as may be required to liquidate the

so much as may be required to liquidate the existing State debt; leaving the surplus to be disposed of as the future wants of the State may demand.

If, however, the prosperity of the city, and her rapidly increasing commerce, should demand the immediate sale of the whole of the property, I would respectfully suggest that the balance derived, after the payment of the public debt, be invested in the United States six per cent. bonds. The annual interest on the surplus of three and a half millions, as estimated, would, at six per cent., amount to \$210,000.

This sum judiciously expended annually for necessary public works, at San Francisco;--in removing obstacles to the safe navigation of our rivers, above ports of entry, and in improving public highways, and building bridges where necessary for the public convenience throughout the State, in a few years, would effect a mighty change in the condition of California.

Judicious legislation alone is now wanting to secure all that is claimed, and in the premises, more than realize the expectations of our common constituents.

To meet the accruing interest on the Civil Debt, the sum of one hundred and sixty-five thousand, eight hundred and fifty-five dollars, and twenty cents, must each year, until the debt shall have been paid, be collected in cash from the people of the State.

The amount of interest accruing annually on the War Debt, is \$67,495 69, which added to the interest on the Civil Debt, amounts to the sum of \$233,350 89.

With the ample resources legitimately within your reach, and to which I have directed your attention, it is hoped that you will, without unnecessary delay, adopt measures to secure the liquidation of the entire debt, as rapidly as the outstanding bonds of the State can be advantageously called in and cancelled.

With sufficient funds in the Treasury, the indebtedness of the State, it is believed, can be discharged on favorable terms by advertising for "sealed proposals for the surrender of bonds," in the manner prescribed in the ninth section of the Funding Act of 1852, and thus

section of the existing act of 1852, and thus relieve the people from the annual payment of an onerous special tax.

Statement C, which is herewith transmitted, has been compiled with much care, and exhibits the important fact, that during the past four years, the average annual expenditures of the several Departments, collectively, and which includes the legitimate expenses of the State Government, have been five hundred and fifty-three thousand, nine hundred and sixty-three dollars and ninety cents.

The receipts into the Treasury for the fiscal year ending June 30th, 1854, are estimated at \$780,000, being an excess of \$226,000 over the average annual expenditures exhibited by statement C.

These facts prove conclusively that by the adoption of the proposed reforms, the Government will be enabled to meet, and in cash, accruing demands on the Treasury, and justify a great reduction of the taxation now bearing so heavily on the people.

In my annual message, at the commencement of the last session, the attention of the Legislature was invited to the importance of making an efficient effort to obtain from the General Government, the entire amount of the "Civil Fund," the collection of which was begun in the early part of the year 1847; and a few days before the close of the session, I transmitted important papers in relation to the disposition made of this fund, (see document No. 53, appended to Senate Journal,) and again urged the Legislature to give the subject thorough investigation, and to transmit, without delay, the result of their researches to our Delegation in Congress.

This fund, amounting to more than one million of Dollars, rightfully belongs to the State of California, and would not, it is confidently believed, be longer withheld, if all the important facts connected with its collection and disbursement were carefully prepared and forwarded to Congress.

The condition of California at the time when the collection of this fund commenced, it may be proper here to remark, was indeed peculiar. Congress had failed to Legislate for the coun-

Congress had failed to legislate for the country, and the President of the United States and Secretary of the Treasury, it is understood, had both, in official communications, admitted the want of power in the proper department of the Government to collect revenue in California; and, the officers in command on the Pacific Coast, could not, under their instructions, permit foreign goods to be landed without the duties having first been paid, though there was at the time a pressing demand for them in the country.

In the absence, however, of law on the subject, the Civil Governor assumed the responsibility of permitting the goods to be landed, and of receiving the amount of duties fixed by the act of 1846; and the people of California controlled by their necessities, though without a voice in the councils of the nation, quietly acquiesce in this novel exercise of the taxing power.

This fund collected from the people of California, before the revenue laws of the United States were extended over the country—collected, in fact, without authority of law, and long before we were allowed representation at Washington, it is contended, belongs to the State of California and should at once be refunded. The subject is commended to your consideration with the hope that an expression of opinion on the question, as well as all the important facts in the case, will be carefully prepared and forwarded to our delegation in Congress.

The great necessity and importance of providing means to liquidate, and as speedily as possible, the civil debt of the State, having been urged upon your early consideration, and measures recommended which, if adopted, in a comparatively short period of time, will enable the agents of the State to effect that desirable object, permit me to recommend co-operation on the part of the Legislature, with our delegation in Congress, in securing the the assumption by the General Government, in some form, of the existing war debt, which now amounts to the sum of \$924,259 65.

No provision has, it is true, been made for the payment of the accruing interest on the war

debt, but the State, by solemn acts of legislation, stands pledged for the payment of the whole amount, principal and interest.

The present, for various reasons, is regarded as a propitious time to demand justice in the premises, at the hands of the General Government. In addition to the fact that there is now a large amount of surplus money in the treasury of the nation, and the bright promise of the future increase, the immense importance of the Pacific country to the commerce, not only of the Atlantic States, but of the whole Eastern world—an importance now universally conceded—cannot fail, it is conceived, to commend our rights and interests to the immediate consideration of the General Government.

There are, however, many other cogent reasons too, why the General Government should promptly, not only assume the entire war debt, principal and interest, but also refund the whole amount of the civil fund, except, perhaps the sum expended in defraying the expenses of the Constitutional convention, held at Monterey in September and October, 1849.

The important fact that California contributes annually more to the National treasury, in proportion to population, than any other State in the confederacy, certainly entitles her to increased consideration in making disbursements from the national coffers.

The amount of revenue collected at the several ports within the State during the fiscal year ending June 30th, 1853, exceeds two millions three hundred and fifty thousand dollars, an amount equal to one sixteenth of the whole sum heretofore annually required to defray the expenses of the National Government. And, the receipts of the first quarter have been so much increased, as to warrant the belief, that the present fiscal year, the revenue collected at the different ports in California, must considerably exceed three millions, being equal to annual tax of *eleven dollars and thirty-four cents* upon each man, woman and child, within the limits of California. The amount thus indirectly collected in the other States of the Union, average only *two dollars and thirteen cents* to each man, woman and child.

It will be seen from the report of the Comptroller of the State, that he estimates the expenditures for the fiscal year ending the 30th day of June, 1854, at nine hundred and sixty thousand four hundred and fifty dollars, and fifty-one cents. This estimate, though regarded as sufficiently high, is in the aggregate, only equal to one-third the amount annually contributed by the people of California for the support of the National Government, and is an average tax of only three dollars and sixty-three cents on each man, woman and child within the State. Whilst State taxation is the subject of general complaint, as being exorbitant and oppressive on our people, not a murmur is heard in relation to the *indirect* exactions of the General Government, though three fold greater than the amount collected for state purposes.

This mode of taxation, although perhaps, not so apparent as that which is more direct and collected for the purposes of State Government, is equally onerous and oppressive. Great as is the amount thus annually exacted from the hard earnings of our people, for the support of the General Government, they have acquiesced in its collection without a murmur, and now feel that they have a claim to increased consideration on the part of Congress. Again, it should be remembered, in the consideration of the claims which we present, that California, though the youngest of the Sovereign States, annually adds to the wealth of the nation, about eighty-two millions of dollars in gold dust, being considerably more than one half of the whole sum contributed by the other States.

During the year 1852, the total amount of exports from the other thirty States was but \$154,931,147, as follows:

Cotton, - - -	\$87,965,732
Breadstuffs, - - -	25,857,027
Other products, - - -	28,607,076
Tobacco, - - -	10,031,383
Rice, - - -	2,470,029

Total value of exports from the other thirty States, -	\$154,931,147
Amount of gold dust shipped from California in 1853,	\$57,300,399 42
Estimated amount in private hands,	25,000,000 00

Total amount of gold dust shipped in
1853, - - - - - \$82,300,399 42

These important facts, obtained from official records and reliable sources, if so presented as to induce examination of the whole subject, cannot fail, it is believed, to secure for the claims of California the favorable consideration of Congress.

In view, however, of the very many subjects which must necessarily engage a great portion of the time and labor of our Delegation in Congress, I feel called upon to say, that I regard it as almost impossi-

ble for them to make to individual members of the two Houses of Congress the explanations necessary to a correct understanding of the question, and to remove the erroneous impressions created by incorrect statements, heretofore made in relation to Indian difficulties in California; and, unless full and correct information be given, and effort made to induce investigation on the part of those charged with the duty of deciding upon its merits, we can scarcely hope that our claim will be properly appreciated and favorable action secured.

The subject is, therefore, earnestly, but respectfully commended to your careful consideration, with the hope that you will devise an efficient plan of cooperation with our Delegation in Congress.

With a view to lessen the expenditures of Government, I respectfully renew and earnestly invoke your attention to the recommendations made in my last annual message, in relation to amendments to the Constitution of the State, and now suggest two others, which I regard as highly important.

The first, in order that the instrument may the more perfectly conform to the spirit of our popular form of government; the second, as conducive to simplicity and economy in the administration of its affairs.

The second section of article tenth, which provides for the calling of a Convention, as the mode of "revising or changing the entire Constitution," contains no provision requiring the Convention, after closing its labors, to submit the Constitution framed to a vote of the people of the State, at a general election.

This is certainly a radical defect, and one which should be remedied, before clothing any body of men with the power to "revise or change the entire Constitution."

The Constitution, after having been framed and adopted by a Convention, permit me here to suggest, should be placed within the reach of every voter, and ample time given to examine, carefully, its principles, its provisions and its limitations, before called

upon by vote to sanction and give effect to it as fundamental and paramount law. I there respectfully recommend that this section be so amended as to require the Convention to submit the Constitution, after framed, to a vote of the people; the same to have no effect until adopted by a majority of the legal voters of the State, at a general election.

The twenty-first section of the eleventh article of the Constitution, provides that "all laws, decrees, regulations and provisions, which from their nature require publication, shall be published in English and Spanish."

This section should be so far modified as to allow the Legislature a discretionary power as to what "laws, decrees, regulations and provisions" shall be translated and printed in the Spanish language.

The necessity of such modification is apparent from the fact that the section has heretofore, in practice, been almost wholly disregarded. And, although this requirement has been but partially complied with, so great has been the expense and inconvenience arising therefrom, that its disregard has been a matter of no surprise, but has rather been considered as the demand of necessity. In fact, had this provision been fully complied with, had all the "laws, decrees, regulations and provisions" now printed in English been also printed in Spanish, the printing account, now the subject of much complaint, would have been greatly increased in amount, to say nothing of the expense of translation which must have been thereby incurred.

In engrafting on the Constitution these highly important amendments, I recommend the mode prescribed in the first section of the tenth article of that instrument. By adopting this mode of amendment, the expense of a convention, and the excitement incident, will be avoided, and the required changes to free the Constitution of objectionable features secured in a shorter period of time than by the other mode provided in the second section of the same article.

The remaining reforms recommended in my last annual message, with the exception of those finally disposed of by the last Legislature, are also again recommended to your favorable consideration.

By adopting the reforms proposed, it is believed that an annual saving will be effected to the State of three-hundred and seventy-one thousand seven hundred dollars, as follows:

Surveyor General, - - - -	\$ 2,000
Superintendent of Public Instruction, - - -	4,500
Biennial Sessions, - - - -	171,000
Reduction of pay to \$8 per day, mileage	
one-half, - - - -	110,000
Limiting session to ninety days, - - -	43,200

Reducing transportation of prisoners from one dollar to fifty cents per mile, -	8,000
Governor's salary to \$6,000, -	4,000
Salary of Supreme Court Judges to \$6,000, -	12,000
Reducing number of District Judges from eleven to eight, about -	12,000
Salary of Dist. Attorney of San Francisco, -	5,000
	<hr/>
	\$371,700

A general curtailment of legislative expenditures, and especially that portion of them incident to the clerical duties performed, would also seem to be absolutely necessary.

The enormous sum of one hundred and eighty-two thousand four hundred and twenty-seven dollars and forty-three cents has been paid for clerk hire and to the officers of the two Houses, during the sessions of 1852 and 1853. The amount paid last session to officers and clerks alone, was one hundred and six thousand and ninety-three dollars and seventy cents. It is true, that the Executive has no control over the action of either House, so far as the employment of clerks and officers is concerned, and that both in this matter, are as independent of the Governor as they are of each other; but as we have recently seen an effort made to hold the Executive responsible for every expenditure of public money, I may be permitted to direct your attention to the subject, and invoke your co-operation in the work of reform, so necessary to the preservation of State credit.

The people of California not only anticipate that provision will be made during the present session for the payment of the existing State debt, but they also expect that you will, by reducing the salaries of office generally, so far lessen the expenditures of government that they will not, as heretofore, exceed the receipts into the Treasury, and that hereafter it may not be necessary to seek a market for the sale of depreciated evidences of State indebtedness. The great importance of these measures I trust, will secure your early and favorable action.

In connection with these suggestions, relative to economy and reform, permit me remind you of the fact, that the Constitution restricts the action of the Executive in these matters, to a simple recommendation. I have now, therefore, exhausted my power. I have performed all, in the premises, authorized by the constitution, and should my recommendations not meet with your approval, I hope some other equally efficient plan will be adopted for the relief of the State. Recommendations similar to those now urged were presented for the consideration of the last Legislature; but most of them were passed over, unheeded or neglected, and great dissatisfaction has,

...during the year, been manifested by our common constituents, who confidently expected that a thorough system of reform would be matured and adopted, and a consequent reduction of taxation justified.

I feel called upon to again direct your attention to our Revenue Laws, complaints against some portions of which, especially the license system, have reached me during the recess, and the question of taxation is, therefore, presented as one deserving of careful examination. In the revision of the system, I am aware that circumstances must, to some extent control your action, but the well settled principles that taxation shall not be burthensome—that a greater amount shall not be levied than is required to defray the expenses of an economically administered Government—that it shall not be imposed to protect one interest at the expense of another—and that it shall be so assessed, as to operate as equally and uniformly upon all as possible, ought not, in any degree be departed from in your legislation on the subject.

The agricultural interest of California, though but partially developed, is now one of conceded importance, and should, as far as it can, consistently with the constitution, be fostered by judicious legislation. The development of our agricultural resources, it is true, cannot be said to have advanced as rapidly as other of the great interests of the State. But, in view of the many and formidable existing obstacles to its rapid development, it is a matter of surprise that so large a portion of our enterprising citizens have engaged in tilling the soil, and that so many valuable improvements have already been made.

The greatest obstacles to the rapid improvement of the country, I would here remark, are to be found in the unsettled condition of land titles, and the fact that the boundaries of but few of the numerous grants throughout the State, have been defined by proper authority. Until the titles to these grants shall have been settled and their boundaries accurately ascertained by actual survey, errors will be committed by settlers in locating pre-emption claims.

And, as it is now more than probable that many years must elapse before these obstacles can be removed, by the final settlement of these perplexing questions, judicious legislation for the protection of the bona-fide settler, would seem in justice to that enterprising and useful portion of our people, to be absolutely necessary, just and proper.

Entertaining the opinion, that in all cases where the location has been made in good faith by the settler, under the impression that there exists no title adverse to that of the General Government, just compensation should be allowed him for all ne-

just compensation should be allowed for the necessary and substantial improvements, in case of ejectment, it is deemed a duty to commend the subject to your favorable consideration.

Before dismissing the question, however, it may be proper to add, that most of the States of the

Union have sanctioned the principle by legislating for the protection of the actual settler.

For details your attention is respectfully directed to the Revised Statutes of Illinois, page 211. Hutchinson's Mississippi Code, page 856. Revised Statutes of Texas, pages 969 and 970. Clay's Digest of the laws of Alabama, pages 320 and 321. Thompson's Digest of the Laws of Florida, page 187. Revised Statutes of Ohio, pages 606 and 696. Revised Statutes of Indiana, page 800. Pennsylvania Digest by Dunlap, page 969. Revised Statutes of Missouri, pages 444 and 445.

With a view to the further encouragement of agriculturalists, and as an inducement to diversity of pursuits among the people of the State, I would respectfully call your attention to the propriety of again exerting the influence of the Legislature in an effort to obtain the passage of a law by Congress donating the public domain in California, in limited quantities, to actual settlers, as in Oregon.

There certainly exists no good reason why the Government should, in California, require from the settler one dollar and twenty-five cents per acre, and in Oregon, donate it free of charge.

The California overland emigrant travels about the same number of miles, and two-thirds of the whole distance over the same road; he encounters the same difficulties and dangers; endures similar privations and hardships; and is, moreover, subject to like expenses and sacrifices in making his arrangements at home, as well as losses on the journey.

The discrimination made by the General Government in this matter, adverse to the interests of the settler in California, is therefore regarded as exceedingly unwise, if not unjust, and I trust will be reconsidered by the present Congress, and the public domain in California, as in Oregon, donated in small tracts to actual settlers.

But if Congress cannot be induced to change its policy, and donate the public domain to settlers in California, and if the present act is to remain in force, it certainly ought to be amended so as to extend, at least another year, the time allowed for pre-emption upon *unsurveyed* lands. If this amendment be not made, and pre-emptions upon unsurveyed lands prohibited after March next, the growth and improvement of the State must be greatly retarded, and the interests of our people very injuriously affected.

fects.

By the act of Congress, approved Sept. 28th, 1850, entitled "An Act to enable the State of Arkansas and other States to reclaim swamp lands within their limits," it is provided "that to enable the State of Arkansas and other States to construct the necessary levees and drains, to reclaim swamp or overflowed lands therein, the whole of these swamp and overflowed lands, made unfit thereby for cultivation, which shall remain unsold at the passage of this act, shall be and the same are hereby granted to said States."

The second section of the act requires the Secretary of the Interior to make out a list of the lands and a patent therefor, and transmit them to the Governors of the several States interested. Also, that the proceeds of the sale of said lands shall be applied exclusively, as far as necessary, to reclaim such lands by means of levees and drains.

The third section provides that "When the great part of a legal sub-division of land is wet and unfit for cultivation, it shall be included in the list; but when a greater part of a sub-division is not of that character the whole shall be excluded."

The fourth and last section of the Act, makes its provisions applicable to all other States in which swamp and overflowed lands may be situated.

The Act is construed to include "all lands subject to periodical overflow by the influx and currents from the rivers." Lands of this description in the valley of the Mississippi pass by this grant, even though they may be cultivated for a part of the year without levee or drain.

But as they require such protection for permanent

But as they require such protection for permanent and profitable cultivation, they come within the spirit and purview of the Act, and pass to the States in which they lie, by virtue of its provisions.

The Act will doubtless receive the same construction, when its provisions shall be applied to the swamp lands in the State of California. By it, the State, it is believed, acquires absolute control of the overflowed valleys of the many streams within her limits, except so far as they may be held by private individuals.

To avail ourselves of the benefit of this Act, as suggested in my last annual message, "steps should be taken and an economical plan of operations devised, to effect the early reclamation of the lands thereby donated. Hundreds of our enterprising citizens have already located on these lands, and at considerable expense and labor, made valuable improvements thereon. Justice and sound policy require that they should be secured in their possessions on the most reasonable terms. The more liberal the terms, the more certain and prompt will be their reclamation and improvement. Their speedy

their reclamation and improvement. Their speedy settlement and cultivation is a matter of great moment to the State, because it will add immensely to the amount of taxable property ; and thus, of course, greatly increase our revenue. A partial knowledge of the location of these lands, as well as careful reflection, have satisfied me that their reclamation can be best effected by donating them to actual settlers, in fixed quantities, upon the same terms that we have received them from the General Government. The State must either reclaim each tract as sold, or devise a general plan of operations, which, by means of drains or levees, will reclaim the whole. Such a work will not only require years of labor, and much more treasure than will ever be realized from the sale, but will delay their improvement and greatly retard the prosperity of the State. I, therefore, recommend the passage of an Act donating these lands to actual settlers, in quantities not exceeding three hundred and twenty acres, if such limitation be considered judicious, as a means of reclamation, upon condition that the settler shall defray the expense of selection, and within a stated period reclaim the land occupied ; the land to be subject to taxation from and after the day of location."

I still adhere to the opinion expressed in my last annual message, that the sale or lease of the mineral lands by the General Government would exert a blighting influence upon the advancing prosperity of our growing State, and paralyze the energies of the enterprising body of men now engaged in developing the mineral resources of California. At present there are no exactions upon labor in the mines, and the reasons are, indeed, numerous and cogent why the National Government in common justice, should impose no additional exactions upon the industry and enterprise of our people, or pursue a course of policy favored by none except those interested in the establishment of powerful monopolies against the domination of which Government should assiduously guard.

The Legislature of 1852, it will be remembered, protested against the policy of locating the Indians within the State upon reservations of land set apart for that purpose ; and that the several treaties made by the Indian Commissioners in the years 1851 and 1852, in each of which, it is believed, provision was made for a reservation of land, were all unanimously rejected by the United States Senate.

The action of the Senate was regarded by the authorities and people of California as a definite settlement of the question, rendering further action on the subject, on their part, unnecessary. But it would now seem that we were mistaken—that the wishes of the people of the State, as expressed by the Legislature of 1852, are to be disregarded, and the

wise and humane policy, adopted nearly half a century ago, of locating the Indians without the limits of Sovereign States, and distant from white population, so far as California is concerned at least, is to be abandoned. The Superintendent of Indian Affairs in California, acting under a law of Congress, passed at the last session, which authorizes him to locate the various tribes, either within the State or on territory without its limits, is said now to be engaged in collecting them together with the design of locating them permanently at several points within the State. In order the more fully to understand the authority on which is based the present and contemplated action of the Superintendent of Indian Affairs, I subjoin an extract from the law of Congress, passed March 3, 1853, entitled "An Act making appropriations for the current and contingent expenses of the Indian Department, and for fulfilling treaty stipulations with various tribes for the year ending June 30, 1854," viz: "That the President of the United States, if, upon examination, he shall approve of the plan hereafter provided for the protection of the Indians" be, and he is hereby authorized to make five military reservations from the public domain in the State of California, or the territories of Utah and New Mexico, bordering on said State, for Indian purposes: *Provided*, That such reservations shall not contain more than twenty-five thousand acres in each; *And provided further*, That such reservations shall not be made upon any lands inhabited by citizens of California; and the sum of two hundred and fifty thousand dollars is hereby appropriated out of any money in the treasury not otherwise appropriated, to defray the expense of subsisting the Indians in California, and removing them to said reservations for protection; *Provided further*, if the foregoing plan shall be adopted by the President, the three Indian agencies in California shall be thereupon abolished."

In this connection, I would also call your attention to the proviso to the sixth section of an act entitled "An act to provide for the survey of Public Lands in California, the granting of Pre-emption Rights therein, and for other purposes," passed March 3d, 1853.

"*And provided further*, that this act shall not be construed to authorize any settlement to be made on any tract of land in the occupation or possession of any Indian tribe, or to grant any pre-emption right to the same."

It will be observed that by the above proviso, it is rendered at least questionable, whether the United States do not fully recognize a title in the Indians to

all lands without limitation, now in their "occupa-

tion or possession," and entirely preclude the possibility of their settlement by our own citizens. Should the Indians, now in the "occupation or possession" of lands, refuse to remove and be located on the contemplated reservations, the white settler, by the above provision, is clearly debarred from obtaining any "Pre-emption Right to lands in their occupation or possession."

Impressed with the conviction that the policy, indicated by this act, if carried into effect, cannot fail to exercise a blighting influence on the future prosperity of California, and result in great injury to the Indians themselves, I trust you will feel called upon to assert the rights of the State, and to remonstrate against its consummation.

There certainly exists, at this time, no good reason for a departure, with reference to California, from the settled policy of the government.

The plan of removing the Indian tribes, and locating them without the States, was first adopted by an act of Congress, passed March 26th, 1804, and by the act of June, 1834, a large section of country was laid off as Indian Territory, to which the Indians east of the Mississippi were from time to time removed. In this way, the Creeks, the Cherokees, the Chickasaws, the Seminoles, and other tribes were deported.

In speaking of this wise and humane policy, Presi-

In speaking of this wise and humane policy, President Jackson, in his second annual message, says: "It gives me pleasure to announce to Congress, that the benevolent policy of the government, steadily pursued for nearly thirty years, in relation to the removal of the Indians, beyond the white settlements, is approaching to a happy consummation. The consequence of a speedy removal will be important to the United States to individual States, and to the Indians themselves. It puts an end to all possible danger of collision between the authorities of the general and State governments on account of the Indians. It will place a dense and civilized population on large tracts of land, now occupied by a few savage hunters." Before concluding he announces this policy to be an "object of much solicitude," and adds—"in the consummation of a policy, originating at an early period, and steadily pursued by every administration within the present century, so just to the States, and so generous to the Indians, the Executive feels it has a right to expect the cooperation of Congress, and of all good and disinterested men. The States, moreover, have a right to demand it. It was substantially a part of the contract which made them members of the confederacy. With Georgia, this is an express contract; with the new States, an implied one of equal obligation."

The government of the United States, in pursuance of this policy, up to December, 1839, had

ance of this policy, up to December, 1839, had extinguished the Indian title to about one hundred and twenty millions of acres of land, at a cost of seventy-two millions five hundred and sixty thousand and fifty-six dollars, and up to the same date, had removed more than forty thousand Indians to their new homes west of the Mississippi.

But, if there even existed doubts as to the "right of the State to demand their removal," the fact that by the proposed plan, "a mixed occupancy of the same territory by the white and red man," is to be continued, thus jeopardizing the safety and happiness of both, ought definitely to settle the question, and induce the government to abandon a "policy, the impracticability of which, has been clearly demonstrated."

As important rights and interests of the State of California are involved in this question, it is hoped that it will receive, as it merits, your immediate as well as careful and dispassionate consideration, and that you will insist, that in California there shall be no departure from the Indian policy which has so long received the sanction of the government of the United States.

The whole number of School Land warrants issued under the act of 1852, entitled "An Act to provide for the disposal of the five hundred thousand acres of land granted to the State by act of Congress," is one thousand one hundred and twenty-seven. Of this number, eight hundred and six authorize each holder to locate one hundred and sixty acres; and three hundred and twenty-one authorize each holder to locate three hundred and twenty acres. In this manner, two hundred and thirty-one thousand six hundred and eighty acres have been sold.

Additional legislation on this subject may be found necessary at the present session to prevent a monopoly of these lands, and preserve inviolate the pledged faith of the State, as well as to secure the lands remaining unsold; the latter of which can be effected either by proper amendments to the existing law, or by authorizing their selection by agents of the State.

The accruing interests on the fund realized from the sale of these lands by the constitution, is set apart for the support of Common Schools, and cannot, therefore, be appropriated to any other purpose whatever. This fund is the common inheritance of the children of the State; a fact, which it is believed cannot fail to induce on your part, early and decided action in the premises.

In providing for the sale of these lands, it is but just to state, that the Legislature was not unmindful of other important interests, and therefore fixed the price at two dollars per acre, which, in State scrip, amounted to but a trifle if any more than is now

amounted to but a trifle, if any more, than is now exacted by the government of the United States.

In framing the law so as to place this land within the reach of all desirous of engaging in the cultivation of the soil, there existed another difficulty.

The act of Congress donating the land, required the State to locate not less than three hundred and twenty acres at any one point. To meet this obstacle and protect the settler, as far as possible, warrants authorizing the location of one hundred and sixty acres were issued, allowing two settlers to locate upon the same tract, in all cases necessary for their accommodation. In this manner, about four hundred divisions of the amount authorized to be selected by act of Congress have been effected, promoting materially the interests of those who were unable to purchase, or who really required no more than one hundred and sixty acres.

The report of the Superintendent of Public Instruction, soon to be presented, will, no doubt, contain much useful information, on the subject of Common School Education. The fund set apart for this very important object, the interest on which is to be appropriated annually, now amounts to \$463,360, leaving 268,320 acres of land to be sold, exclusive of the 26th and 36th sections of Public Lands, donated for the same purpose, by act of Congress, approved March 3d, 1853. The amount of land to which the State is entitled under the Act of Congress of the 3d of March, 1853, as estimated at the office of the U. S. Surveyor General, is five million two hundred and one thousand, two hundred and forty-four acres; (See Appendix D,) to which add the five hundred thousand acres appropriated by the Act of eighteen hundred and forty-one, and we have a grand total of five million seven hundred and one thousand two hundred and forty-four acres of School Lands, which, if sold at the price fixed in the existing law, viz: \$2 per acre, will yield the sum of eleven millions four hundred and two thousand four hundred and eighty-eight dollars; the interest upon which, at seven per cent., would annually amount to the sum of seven hundred and ninety-eight thousand one hundred and seventy-four dollars and sixteen cents. A sum amply sufficient to sustain a system of popular Education greatly superior to that of any of our sister States—a system entirely adequate to extend the blessings and bounties of knowledge to every family within the State.

The importance of an efficient system of education, embracing in its comprehensive and benevolent design the whole people, cannot be too often or too urgently pressed upon the consideration of their immediate representatives.

The education of the masses is intimately interwoven with the first of representative duties in a

government which has derived form and vitality from the intelligence of the people, and the future existence of which must depend, in no small degree, upon their capacity of judging and deciding correctly upon the principles and measures vitally important to themselves and their country.

In the consideration of this interesting subject, it should be borne in mind, not only that our government is favorable to popular education, but that its fundamental principle, the sovereignty of the people, absolutely requires that "every citizen should be well taught in all the principles of his duty." "Correct information," it has been well said, "is the indispensable condition of right action." By our wise Constitution we have given "civil omnipotence to the ballot-box." By our laws we must now give sound education to the voter, or by neglecting it, we may endanger the permanency of the free institutions around which the brightest and "holiest hopes of humanity are clustered."

The Superintendent of Public Instruction, who, it is understood, has faithfully exerted his active energies in devising a plan to secure the intellectual culture of the rising generation, will, in his report, it is presumed, make such suggestions as will enable you to legislate intelligently on the subject, and to mature a system so perfect in its details as to realize fully in its great results, the expectations of those most deeply interested.

Amount of interest fund now in the

Treasury, derived from the sale of	
School Lands, - - - - -	\$29,951 56
Collected under Revenue Law of 1852, - - - - -	22,253 94
From escheated estates, - - - - -	1,014 79

Total amount, - - - - -	\$53,220 29
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The above amount, the law provides, shall be distributed pro rata among the children of the State, within organized school districts, (see Appendix, statement F.) Whole number of schools organized, forty-seven. Number of children returned as residing within the several school districts of the State, 9,336. Number attending school, 4,052.

By the twelfth section of an Act of Congress, approved March 3d, 1853, entitled "An act to pro-

(Continued on 4th page.)

Since the 1st of Jan., 1852, of the then *adjusted* debt, in the shape of three per cent. bonds redeemed, including interest, there has been paid *in coin* 272,978 41

been paid in coin 212,918 11

In seven per cent.
bonds due in 1855,
and redeemed, there
has been paid in *coin*
since Jan. 1, 1852, 77,000 00