

State Bonds for the iron rails, is supposed to be fully adequate.

If the company were under any obligation to redeem the stock orders, their only ability to do so would consist in loans they might be able to make for that purpose, or by application of the State Bonds. But the company have in no manner stipulated, or in any way incurred the obligation, or held out an expectation to redeem the stock orders excepting as appears upon their face.

These orders were issued with the consent and approbation, and under an arrangement with the authorities of the city of Baltimore; and put forth with their participation for the purpose of enabling the city to pay her subscription, and promptly to finish the work to Cumberland, without a sacrifice of her stock, and at a considerable saving of interest. The obligation of the *company* is on the face of the orders; and in each annual report, and in several communications to the Legislature, and in various other ways has been uniformly and distinctly announced. The orders contain no promise to redeem them in money, or in any other way, except by funding them in city stock; they contain no promise of any kind; they are, as they import, orders drawn upon the commissioners to give in exchange for them city six per cent. stock at par, whenever they may be presented in sums of one hundred dollars or upwards; and when they are accepted by the Commissioners and received by the holder, the obligation of the company is discharged. The company have also continued to receive them in payment of the ordinary debts due to it, and will in every instance, and to the fullest extent, comply with any obligation it may have incurred; but it neither has, nor can under any circumstances, incur an obligation to do more than deposit with the commissioners the requisite amount of six per cent. stock in which, when presented for that purpose, they may be funded.

It may be proper to add, that city six per cent. stock to the full amount of the orders in circulation has already, and before issuing the orders, been transferred to the commissioners in trust for the holders.

*Fifth.*—In consequence of the low rate continued to be charged for transportation upon the canal, the board have been unable to avail themselves to much extent of the increased rate of toll provided by the law of the last session of the Legislature.

The deep interest however, which the State, in common with the other stockholders, has in the revenue and dividends of the company, and the increased necessity, in the actual condition of the public finances, of guarding and promoting that interest, made it the duty of the Board to avail themselves as far as practicable, of the authority conferred by the act.

I have to state, therefore, that on the 1st of May last, the charge upon flour was increased from the previous rate to 6 cents per ton per mile, and continued at that rate until the 7th June last, when there being ground to apprehend, from the cause already stated, that the charge was too high, the following tariff of rates upon