

It is scarcely to be presumed that capitalists would say upon what *terms* the loan *would be* negotiated, until after the law is passed and its provisions laid before them. After the legislature shall have acted upon the subject, and passed an act for the completion of the work, the company will then, and not until then, be able to present a substantial basis for a negotiation and obtain from them more specific propositions. We feel a strong assurance that the required amount could be obtained on fair terms, and are strengthened in this opinion by the improvement which, even within the last ten days, has manifested itself in regard to the stocks of the State.

It will be perceived that we have proposed to negotiate a loan to the amount of \$1,500,000. My present opinion is that it will not be necessary to raise more than \$1,420,000 in *cash*, to finish the work and pay the incidental expenses exclusive of interest.

In order however to obtain this sum, it is indispensably necessary that the *right* to issue a considerably larger amount in bonds should be granted to the company, to be exercised only to such extent as may be required for the purposes provided for in the act.

By reference to the correspondence, it will be seen that the Messrs. Barings suggest as one of the conditions of the loan, that they should "be satisfied by competent judges that the estimates of amount would be sufficient to complete the canal."

Now although we have bids from responsible contractors to do the unfinished portion of the work for \$1,350,000 in money, yet according to the *estimate* of the Chief Engineer of the company, the sum required for that purpose is \$1,545,000, and these sums are both set down as the price for the work, and are exclusive of the cost of the engineer department and contingencies which are estimated at \$70,000.

Capitalists would doubtless require that the provision made *by law* for the completion of the work should be made with reference to the estimate of the Engineer. They must be convinced that the company is invested with ample powers to finish the canal to the point of destination, otherwise they would be unwilling to lend a dollar towards its completion. For this reason, as well as for others which I shall presently mention, it appears to me to be the unquestionable policy of the State to make a much larger provision of means than from the present indications would really seem to be wanted.

It must be bore in mind, that the State is not now appropriating money, nor authorising an issue of State bonds as heretofore, nor pledging the faith and credit of the State, for the repayment of the money that may be raised. She does nothing more than postpone her present unavailable liens, so as to enable the company to give a preferred lien upon the prospective revenues of the canal for the repayment of the bonds that may be issued to complete it and render it productive. The limitation in regard to the expenditure is fixed by the specification of the object for which the money is to be raised and the purposes to which it is to be applied.