

I had hoped to see these bonds, before this, placed among the State's paying investments. I certainly had good reason to expect it when I expressed this hope in my report to the Legislature a year ago.

But owing to the financial condition of the Philadelphia and Reading Railroad Company the lessee of the Susquehanna and Tide-Water Canals, that Company has been prevented from paying any portion of the interest upon the indebtedness of these canal companies to the State.

The mortgages given to the State to secure payment of the bonds with interest are due. It will be for the General Assembly to take such proceedings in the premises as it may determine to be necessary and proper.

Without going through the whole list of investments which do not yield revenue I will dismiss it by saying that the total of these unremunerative assets amounts to the sum of \$28,126,034.06; of this sum the State has a claim of \$25,371,966.53 on account of

THE CHESAPEAKE AND OHIO CANAL.

Of the State's claim against this work \$7,000,000.00 of it is principal and the residue is for interest.

The Treasury has derived no revenue from the Canal Company, yet it is an extremely useful channel of Commerce.

What is to be the future of the Canal? is now the question before the people of this State.

It is conceded that the affairs of the Canal have been well and economically administered by President Baughman, and yet its revenues were insufficient to meet its running expenses for the year just closed by \$30,000.00. Nearly all the Repair Bonds have been issued and the revenues arising therefrom used in keeping the work in repair.

It is evident that the time has come when something heroic must be done.

Let a freshet come now, such as has frequently occurred in the past, and its fate is sealed.