Under this law, the Chesapeake and Ohio Canal Company has issued bonds to the amount of $500,000.00, and the money has been spent in repairs on the canal.

Three successive defaults in the payment of interest by the canal company, entitle the holders of a majority of these bonds, to the right to institute foreclosure proceedings. In this event the whole lien of the State in the canal might be sacrificed. This should not be allowed if it is possible to prevent it. Foreclosure could easily be avoided, by the passage of an act of assembly authorizing the treasury officers to invest the moneys, belonging to the sinking fund in these bonds, until a majority shall have been purchased. These bonds are a first lien on the canal, and are as good as the State's own bond, besides in doing this the State would be protecting its own property rights from loss and injury.

The Act of 1884, Chap. 383, confers upon the treasury officers the power to invest the moneys, set apart to the credit of the various sinking funds of the State, in productive stocks or bonds other than those of the State. But as these bonds, in the present condition of the canal, could not be classed as productive, the treasury officers, in the absence of any express authority upon the subject, would not probably purchase them for the sinking funds. That the interest on these bonds will be ultimately paid, cannot be doubted.

New York State has long since, I understand, recognized the impossibility of toll-paying canals competing with railroads, and has made its canals free by supporting them from its treasury.

The Chesapeake and Ohio Canal benefits the people of the whole State, in the influence which it exercises upon freights on coal, thereby reducing the price of that commodity.

In order to prevent a forced sale of the canal and a sacrifice, perhaps, of the State's interest, it will only be necessary for the State to invest in the manner I have indicated, two hundred and fifty-one thousand