

dollars, in order to give it absolute control of any foreclosure proceedings which could possibly arise under these bonds. There is another question worthy of consideration.

There are other bondholders, who have a lien upon the tolls of the canal. In the present condition of the canal, these bonds possess but little, if any, value. But were a sale of the canal effected, the question would at once be raised, what is the status of these bonds? The principal of these bonds amount to some \$1,700,000.00, and about as much more is due for interest. The State's claim, as I have shown, principal and interest, is over twenty-five millions of dollars.

The whole bonded indebtedness of the canal should be adjusted, so that in case an offer for purchase of the canal should be made, the treasury officers would know exactly how much, in a given sum, the State would receive for its interest. As these matters now stand, it would be difficult to determine, in the event of a sale, what share of the proceeds the holders of the lien upon the tolls would be entitled to. In a word, if the canal is to be maintained, it should be reorganized. I submit these questions to you for your consideration.

Another considerable part, of the unproductive capital of the State, is represented by the lien against

THE SUSQUEHANNA AND TIDEWATER CANALS.

The State holds mortgages on these canals, to the amount of one million of dollars.

These mortgages have been over-due since the first day of January, 1884, and the interest on them has not been paid, since the first day of July, 1879.

To collect this interest and to place these mortgages among the State's productive investments, has been my hope and aim. In the past four years I have devoted much time and attention to this subject, and in order to hasten the end I had in view, the Legislature at its last session, conferred upon the Comptroller the authority to adjust and settle the arrearages due on