

the law as it existed prior to the Act of 1894. The salient features of the latter Act were provisions for increased revenues and decreased expenditures, and I feel assured that when the law is in full operation that the expectations of its framers and friends will be realized. I sincerely hope that it may have a fair and full opportunity for trial. A failure means the destruction of an industry that gives employment to forty thousand men and affords a living to two hundred thousand of our citizens.

PRODUCTIVE AND UNPRODUCTIVE ASSETS.

The productive Assets of the State as shown in Statement "I," are \$3,539,337.39, and the unproductive \$8,097,126.99. By reason of the default of the Susquehanna and Tidewater Canal Companies to pay interest on the mortgage held by the State against these company, since July 1st, 1893, I have been compelled to transfer the amount of said mortgage, \$1,000,000, from the column of productive to the unproductive assets, but as hereinbefore stated, legal proceedings have been instituted by the Attorney General to recover from the Canal Companies the amount of the State's holdings.

The Board of Public Works have not as yet deemed it wise to dispose of any of the assets of the State, as authorized by the Act of 1892, Chapter 300. Offers have been made by the Board to banks and persons interested, to exchange bank and other stocks for State Bonds at fair market values. For, unless the proceeds could be readily invested in redeeming our State debt, no possible advantage could accrue to the State in the disposal of the valuable securities we now hold, and investing the proceeds in similar securities of fluctuating market value.

STATE DEBT.

The total indebtedness of the state as show in detal in Statement J. was, at the close of the fiscal year 1894, \$8,684,986.24. The productive assets of the State and the investments to the credit of the Sinking Funds, aggregate the sum of \$5,303,233.11, when dedncted from the gross debt will leave a net debt of \$3,381,753.13. This net debt is greater than that shown in my last Report by reason of the default of the Susquehanna and Tidewater Canal Companies in paying the