

mark that the demand for this description of goods is much smaller than that for cotton, and that more than a given quantity cannot be sold annually in the market.

The disparity between the quantities of woollen goods woven in 1837 and 1838, I am unable to state with accuracy, (not having with me the weaver's diary of the work performed in his department) but the difference between those quantities, is shown to have been very large, by the great inequality between the amounts charged to the Weaving Department for woollen yarn in 1837 and 1838. In the former year, the amount so charged was \$19,015, 60—see Ledger, fol. 469,—whereas in 1838 the amount charged on the like account was but \$1676, 21, see Ledger; fol. 513. Estimating the woollen yarn in both periods at 60 cents per pound, about its usual rate; and computing 12 lbs. to the price—about the average quantity contained in each, the difference between the quantities of woollen goods woven in the two years respectively, appears to have been about 2400 pieces or 96,000 yards. Cotton goods to this extent having, then, been woven in 1838 instead of the woollen cloths manufactured in 1837, and the latter being more profitable, say about 6 1-4 cents per yard, the Institution failed in 1838 to realize a profit on woollen goods such as was made in 1837, to the extent of \$6000—to be added to the before mentioned causes of disparity between the results of the two years respectively.

4th. From a comparison of the accounts of sales of the Penitentiary manufactures for the years 1837 & 1838, the average market prices obtained for the cotton goods appear to have been from three to four cents per yard less, in the latter than in the former period, to which difference in market value, the reduction in the cost of the material in 1838, did not bear a due proportion. I am not within reach of all the means of learning with accuracy, the comparative cost of the goods sold, and the prices obtained for them in 1837 & 1838, but from such information as I am possessed of, I think that the difference in favor of the former year was at least 2 cents per yard, and, taking the quantity sold in each period at 450,000 yards (which cannot materially vary from the sales actually made) the excess in price obtained in 1837 over 1838, was \$9000.

This and the causes before mentioned were, in my opinion, those to which is chiefly to be attributed, the disparity between the statements of loss for the years 1837 and 1838, as reported by the Board of Directors. As has been already shewn, the discrepancy between the results of the weaving department in