

The State subscribed one million of dollars to the Eastern Shore Rail Road, on the condition that other bona fide subscriptions should be made, to a sufficient amount to complete the road. No new contracts have been made since last winter, and the work has been suspended throughout the line, except a small portion of it in Somerset county. Of its debts, embarrassments and general condition, a report is expected in a few days.

The Annapolis and Elk Ridge Rail Road Company received a subscription from the State of 300,000 dollars, a part of which has been paid in money, and a part in bonds, which last remain unsold in the hands of the Treasurer. The Tide Water Canal Company received, in pursuance of the act of last session, a loan of a million of dollars in State bonds; which were negotiated at the United States Bank, and afterwards transmitted to England, with other securities, to meet the engagements of that institution. The canal is now finished, and will be opened in the Spring for the trade of the Susquehanna. It connects the Pennsylvania canals with the Chesapeake Bay, and forms an important link in the chain of inland communication between the different States of the Union.

In giving a particular account of the embarrassments into which the State has been drawn, by the wild spirit of internal improvement, my object is to call the attention of the Legislature to the necessity of guarding against an increase of existing evils, and of providing, if possible, for the gradual redemption of the public debt. I do not perceive how these objects can be effected, without resisting the further issue and hypothecation of State stock; reducing the public expenditures by a rigid system of economy, and increasing the revenue by a moderate tax on real and personal estate, till it is sufficient to pay the interest, and leave a small surplus to be applied to the principal of the public debt. Two hundred thousand dollars a year, in addition to the present revenue, would probably be sufficient for this purpose, if raised at once; but the longer the taxes are postponed the heavier they must be at last. The opinion may be held by some few, that this debt is not binding on the State; and by others, that if binding, it will never be paid, because the people will not consent to be taxed. But it has been contracted, and confirmed by successive Legislatures; sanctioned by the people themselves, in the continued re-election of Representatives, who were most prominent in creating it; and the obligations of the State are in the hands of men, who relied upon her good faith, and whose borrowed money has been expended on her works. It is impossible to question the validity of the debt, and unreasonable to plead inability, without first making an effort to discharge it.

The assumption of the State debts by the General Government, has been suggested as the most effectual means of extricating the States from their present embarrassments; but as this measure is beyond the control of Maryland, her safest course is to act upon the supposition that she will be obliged to provide for the pay-