

cession, I was quite prepared, as was known, to make it greater. The agent of the canal company, however, found it necessary from the nature of his own position, and the pressing exigencies of his company, to demand an advance of \$2,000,000, in less than six months. This was a demand, so far exceeding any amount of sales; that could possibly be expected, during that period, and so disproportioned to the actual condition of the money market, as at once to interpose an almost insuperable difficulty. Pending the propositions, the intelligence of the dishonor in Paris of a large amount of the bills, drawn by the Bank of the United States, reached London; and in this state of things, a compliance with the demands of the canal company's agent being impossible, the negotiation terminated.

The failure of this attempt gave further reason to apprehend that the system of retailing the other State bonds at low rates, might be prolonged, even beyond the 1st of September next; and on that account our arrangement with the Messrs. Baring, in regard to the bonds in my hands, embracing the option of moderate advances, acquired additional importance. But while the inducements to such an arrangement were thus increased, the difficulty of making it was proportionately augmented.

Not only had the occurrence already alluded to, spread greater gloom in the money market, and inflicted a new blow upon American credit, but it was obvious that so long as the bonds in other hands were daily liable to forced sales, at ruinous prices, an agency for the sale of the rail road bonds, at the company's limits, although it should not include advances, might remain barren and unproductive for an indefinite period. Finally, however, after an unsuccessful visit to *Holland*, I concluded with the house of Baring, Brothers & Co. the arrangement which has been the subject of remark in the Governor's message.

The terms of the arrangement do not require any other comment from me than may be necessary to explain the motives and objects of concluding it. That it is eminently calculated to ensure if any thing can ensure, the eventual sale of the bonds at satisfactory prices, will scarcely be denied; and while it gives this advantage to the securities abroad, it does not prevent their sale in the United States, if not previously disposed of in Europe.

The commissions allowed to Messrs. *Baring, Brothers & Co.* for their agency, are not greater than are uniformly allowed for a similar service in the most prosperous times.

By the existing laws, no authority is given to the treasurer or to the commissioner of loans to appoint an agent for the payment of the interest and reimbursement of the principal of sterling bonds of the State. They were given to the companies, however, under an obligation, from the sales of the bonds, to pay the interest for the period of three years; and, as the interest might become payable before the Legislature could interpose, it was presumed to be the intention of the act of the last session to leave the selection of the agent to the companies. Proceeding on this