

could not be obtained, that all limitations were to be removed, or altered "from time to time." However low the credit of the State might have stood abroad, it is difficult to understand how such limitations of the price of stock could place it on higher ground. American securities of every kind have since risen in value; and this favorable change may be ascribed, not to the arrangement with the Barings, or to the financial skill of Mr. Jaudon, but to the gradual improvement of the money market in England.

In tracing the history of these bonds from the loan law of May 1836 down to the arrangement with the Barings, I was led to the conclusion, not only that they were placed in a train for hypothecation, but that, in the existing relations between the Baltimore and Ohio Rail Road Company and the State, they ought not to be disposed of at any considerable sacrifice, or pledged at all, without the consent of the Legislature. The State had agreed to subscribe and pay 3,000,000 of dollars to the company on condition, among other things, that the President and Directors of the Maryland Canal Company should certify that a sufficient amount of stock was subscribed to ensure the completion of that canal by the most northern practicable route; that the State directors should certify under oath, that they sincerely believed that the subscriptions of the city of Baltimore and the State, with certain other funds, would be sufficient to complete the road from the Ohio river to its present track near Harper's Ferry; and that the bonds issued for the payment of the State subscription should be sold at 20 per cent. above their par value. The first condition was complied with in form; and at December session 1837, application was made for a modification of the second, so as to enlarge the basis of the estimate by letting in all bona fide subscriptions, whether made by Virginia, or by corporations, or individuals. The Legislature, by an act of that session, chapter 314, modified the condition accordingly, but annexed others, of which the most important was this; that the money to be paid to the company for the State subscription should be applied to the construction of the road west of Cumberland. The gentlemen, who were then acting in behalf of the company at Annapolis, would have preferred the modification without the new conditions, but yielded their consent to the act; for without it there was no prospect of obtaining possession of the bonds. Another difficulty remained, and, to use the language of Mr. Latrobe, the counsel of the company, "still effectually prevented" the use of the State's subscription; the stock could not be sold for an advance of 20 per cent., and application was made, at the last session, for a further modification of the law of 1835. It was represented, that currency stock, even without the stipulated premium, was unsaleable in foreign markets; and the Legislature again gratified the company, by dispensing with the 20 per cent. premium and paying the whole State subscription in sterling bonds.

The company having obtained possession of the bonds, and being about to adopt measures for their sale or *negotiation*, as