

line, becoming every day more pressing, it was determined, in preference to a suspension of the work, or a sacrifice of the bonds, to endeavor to raise money by temporary loans or hypothecations of the stock; hoping that favorable change might occur in the money market. To relieve the company from its more immediate and pressing wants, loans were effected at short dates with some of the banks, principally in Baltimore; and bonds to the amount of \$1,500,000 were transmitted to George Peabody, Esq. of London, who was constituted our agent in Europe, with authority to sell only in the event of being able to obtain the rate of premium fixed by the board, and failing in this, to negotiate loans for the company on the best terms in his power.

During the two years that the subscription of the State was rendered unavailable to the company, it was still steadily prosecuting the work, though, as may well be imagined, under circumstances of the greatest embarrassment and distress, and was often reduced to the very point of suspension; which was only averted by extraordinary efforts on the part of the board, and the friendly and timely aid of two or three Banking Institutions, together with the issue of its own promissory notes, but for which we must have stopped. They were received in payment by contractors, and a considerable portion of them being of small denomination, subserved their convenience, as well as that of the community, during the suspension of specie payments.

Our agent in London succeeded in negotiating loans, principally at short dates, and requiring for the larger amounts frequent renewals. From the avails of these loans we had to provide—

1st. For the debts necessarily incurred, prior to the receipt of the State Bonds, embracing, as has been shewn, a period of nearly two years.

2d. For the payment of such temporary loans effected in the country, as could not be renewed.

3d. For the regular estimates for work done on the canal, amounting to from \$100,000 to \$120,000 per month.

4th. For interest on the two million loan, amounting to \$120,000 per annum, payable quarterly into the Treasury; and in addition, the sum of \$9,000, being the sum required to make the above payments, since the 1st day of April, 1837, equivalent to specie.

5th. For the redemption, on demand, of the promissory notes of the company.

6th. To meet the requisitions of the Treasurer, on account of the Eastern Shore and the Annapolis and Elkridge Rail Road Companies, for means necessary for the commencement and prosecution of those works, in compliance with a resolution passed by the General Assembly, the 29th of March 1838.

To meet all these obligations, the only reliance of the company has been on loans; and it has frequently been placed in circumstances of distressing embarrassment by having to depend on