

the line to labourers and others, which the company had not funds to pay, exceeding \$20,000, for which certificates were issued to be paid out of the tolls of the next year—as far as these certificates were thus paid (about \$12,000, of the amount,) it is included in this item of charge. The balance was paid, or rather retained, by banks having deposits of the company's money for balances overdrawn in the course of the company's operations—and to “other preferred debts,” and this I beg leave more particularly to explain.

During the progress of the work several exigencies arose in which the funds of the company were not adequate to the demands upon them, and when it became necessary to adopt one or the other alternative, either to suspend the work, or to raise funds by private means.

These exigencies occurred at advanced stages of its progress, and after large expenditures had been made, the whole of which would have been placed in great jeopardy by a suspension, if they would not have been wholly lost. The company in reference to providing funds, had no other rule to go by than the estimate of the Engineer. When the loan of her bonds was obtained from the State of Maryland, we had very positive assurance from that quarter that it would finish the work and leave a surplus in the treasury—and it was not until a very short time before the final estimates were returned for payment, that the board was informed of the fact that the funds were deficient by several hundred thousand dollars.

The situation of the board with this load of debt thrown upon it unexpectedly, and without any corporate means of payment may be imagined. A great deal of work was still in progress and necessary to be done to complete the canal—and the expenses of repairs for the approaching year, the first of a new work of this description always very heavy, was another source of apprehension. To abandon it in this stage was out of the question, and to prosecute it without recourse to private credit was impracticable.

In this situation of things the then managers of the company and some others. Relying upon the assurance that all the corporate means of the company, should be used for their protection and security, obtained the sums necessary to meet the emergency through their individual means and credit. To this debt, thus raised, a preference has been given in accordance with the understanding at the time and the stipulations of the board. These liabilities, I may add, were incurred without any other consideration or inducement than the prosecution, completion and preservation of the work, and these ends were accomplished by the means thus obtained.

The stockholders and creditors have, in consequence, a completed work in fine preservation, and in active operation, with an increasing trade and promise of large revenue. True it is, that the revenue of the canal has not been equal to what was anticipated of it, but this cannot fail to augment as sources of trade are developed. There are now in a course of construction, rail roads to the most convenient coal fields on the Susquehanna, from whence it is believed, when completed, that that mineral can be carried to market