

On the 20th of June, 1843, the tolls on the principal articles of transportation, were restored to their former cash rates, and *current bankable funds* were required in all cases to be paid. During the two preceding years, to wit, from the 1st of May, 1841 to the 20th of June, 1843, the toll on flour, from which by far the largest portion of our revenue is derived, was at the rate of two cents per ton per mile for any distance it might be transported on the Canal. By the regulation of the 20th of June, this toll was established at two cents per ton per mile for the first twenty miles, and one and a half cent per ton per mile for the residue of the distance, and these rates have ever since been uniformly maintained. Although the toll thus charged on flour on the Chesapeake and Ohio Canal is much higher than the toll on the same article on the New York Canals, or for equal distances on the Susquehanna and Tide Water Canals, the cost of transportation on our Canal is less than that upon any other improvement that can come in competition with it for the trade in question, and the fruitless effort made by the Baltimore and Ohio Rail Road company, to withdraw the flour trade from the Canal to their road, by a reduction of their charges on the 10th of October last, has only tended to demonstrate more clearly, the utter inability of that road to compete with the Canal upon *equal terms* in the transportation of heavy freight. Notwithstanding the Rail Road company reduced their charges on flour about one-fourth of their previous rates from points within the range of the Canal, the reduction has in no perceptible degree affected the trade of the Canal. The number of barrels of flour transported on the Chesapeake and Ohio Canal during the last year, compared with the two preceding years, is as follows:

1842.	1843.	1844.
151,966 barrels.	156,242 barrels.	172,796 barrels.

The large increase of the flour trade on the Canal during the past year, as thus exhibited, is principally attributable to the fact, that the farmers and millers of the western counties of Pennsylvania, bordering on this State, have found out that the Chesapeake and Ohio Canal affords them the cheapest and most convenient mode of transportation to market, and they have consequently adopted it as their route. The trade from that quarter is gradually increasing, and we think it will continue to increase as the facilities offered by our Canal become more widely known and appreciated.

The whole amount of coal carried down from Dam No. 6 during the past year was 4,871 tons. This falls short of what was expected at the time the arrangement was made with the Baltimore and Ohio Rail Road company, as mentioned in the special report of the 16th of November, 1843; but the partial failure is susceptible of an easy explanation. Previous to the formation of that arrangement, and down to the period of its consummation, we were informed by the coal-dealers, at whose instance it was proposed, that the Rail Road company had positively declined engaging in the transportation of coal on their road as a regular business; but