

due the State as had been annually discharged in the previous four years. It appears, however, that the revenues were consumed principally in the renewal of the old track, the construction of sidings, the repairs of bridges, and the purchase of such additional stock and equipments of the road, as were considered indispensable for the accommodation of a constantly increasing trade, and for the profitable employment of the work hereafter. I am not disposed to question the soundness of the views which produced those arrangements, although the Treasury was thereby deprived of a part of its resources for the year. It is true, as urged in the Report of the President and Directors, that the policy of "stinting" their road originated in the pressing exigencies which at one time threatened the financial integrity of the State; and it is equally true, that no such reason now exists for the continuance of that policy. It may also be conceded that a more liberal and comprehensive scale of arrangements should be adopted for the future, in order that the road may be amply prepared for the enlarged trade which its extensive foreign connections will develop and naturally direct towards it. Nevertheless, I must be permitted to say, that any radical change in the general policy of the Company, should such be contemplated, could only be effected with the free consent and approbation of the State. Besides the original loans of nearly nineteen hundred thousand dollars, this Company owes to the State more than twelve hundred thousand dollars of funded and unfunded interest. The State likewise occupies the position of a preferred creditor. It has, therefore, a two-fold right to decide upon any proposition which might contemplate such a material change in the policy of the Company as would necessarily control the future application of its revenues. That right was fully recognized in the tenor and spirit of the memorial presented by the Company to your predecessors at the last Session. The State was asked to do one of three things: *first*, "to retire from its position as a preferred creditor of the Baltimore and Susquehanna Railroad Company, and leave it at perfect liberty to use its credit to such extent as may be necessary, with power to confer priority upon its new indebtedness; the State reserving to itself the next place in the obligations of the Company, after full provision shall be made for the new creditors;" *secondly*, "that the State should, for the whole amount of the Company's present indebtedness to it, place itself in the relationship of a simple Stockholder, which would, as in the former case, leave the Company in the free use of its credit, and with power to confer priority upon the new indebtedness it may be necessary to incur;" *thirdly*, that the State should consent to "a sale of its interest in the road." The amount to be realized to the State by the proposed sale was, I believe, estimated at fifteen hundred thousand dollars. Were that amount paid in 5 per cent. State Stock at par, (cancelling that much of the public debt,) it would practically do no more than to effect an annual relief to the Treasury of seventy-five thousand dollars; whereas, the Company itself paid into the Treasury on account of interest, in 1849, \$75,000; in 1850, \$75,000; in 1851, \$84,692; and in 1852, (inclusive of the \$25,000 paid in December of that year, and embraced in the first Annual Report of the Comptroller, though credited in the account of receipts as of the fiscal year 1853,) the sum of \$85,000. Unless, therefore, we are to anticipate a decided retrogression in the future operations of the Company, it is quite evident that the State could gain nothing by this proposed sale of its