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interest for less than one-half of the amount of its claims; whilst, on the other hand, after having incurred nearly all the sacrifices resulting from the past embarrassments of the Company, it would thereby surrender all of the possible advantages to be expected from the future success of the enterprise; besides sustaining an immediate loss of a million and a half of dollars of that part of its capital to which, though now unproductive, it confidently looks to aid in the payment of the public debt at some future day. As to the second proposition, it is questionable upon constitutional grounds. The Legislature being expressly prohibited by the Constitution from making direct appropriations or lending the public credit for purposes of Internal Improvement, it may well be asked how the loans made by the State to the Company, and the accumulations of interest subsequently funded, can now be converted into a subscription to Stock, without violating the spirit and, indeed, the very letter of that instrument. The State, in surrendering the debt by becoming a stockholder, would virtually appropriate that much of the public capital to a forbidden object. The fact that the amount thus proposed to be subscribed to the Stock of the Company would consist of an outstanding debt due the State, and not of so much money to be taken from the Treasury or raised upon new issues of the public credit, does not at all relieve the case from the constitutional difficulty. Of the three propositions made by the Company, therefore, I decidedly prefer the first. When it was presented to my consideration by the President of the Company, in December 1852, I was disposed to view it as unconstitutional, for reasons analogous to the one just given. It is not so clear, however, that a postponement of its priorities by the State as a preferred creditor would be an infraction of the Constitutional prohibition; because, it would not be a positive relinquishment of principal or interest, although it might protract the payment of either or of both. It would not be a question of direct or indirect appropriation (in the nature of a new loan or a subscription to stock,) but one altogether of an extension of time upon an indebtedness already existing. It might possibly, but would not necessarily result in pecuniary loss; and it may therefore be argued that, without such ultimate loss, no appropriation could be said to have been made, within the widest meaning of the Constitution. If you should therefore determine, after a careful investigation of the whole subject, that the prospects of the Baltimore and Susquehanna Railroad are such as to justify, and that the public welfare requires the adoption of one of the three propositions submitted to your predecessors, I would recommend the first, as less clearly obnoxious to constitutional objections than the second, and as more conducive to the interests of the State than the third. Until you shall have decided this question, however, it will be the duty of the Company to pay to the State the current annual interest, or so much thereof as the road is capable of producing upon the present basis of its operations, as exemplified to some extent in its exhibits of the last and several preceding years. I am sure that the Company would not feel disposed, if it had the power, to coerce the State into the adoption of its views, by withholding any portion of its revenues not actually required to cover necessary current expenses. Were it otherwise, however, an efficient remedy would be at hand. I wish it distinctly understood that the foregoing remarks look to the future and not to the past. I have found no cause of complaint or distrust in the action of the Company up to