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TOWANDA:

Thursday Morning, June 3, 1858.

SALE OF THE STATE CANALS. TO THE PEOPLE OF THE NORTH SENATORIAL DISTRICT.

FELLOW CITIZENS:—By your suffrages in the fall of 1856, the undersigned was chosen to represent you in the high and honorable position of a member of the Pennsylvania Senate. Ever trusting my ability to serve you in that capacity equal to your expectations, I nevertheless accepted the place with a determination to discharge my duties faithfully on all occasions; meeting every important question fairly and openly by giving an affirmative or negative vote, as my judgment dictated after a faithful examination of the question. If in thus endeavoring to defend your rights, or to protect your interests when in jeopardy; or if in any respect I have been unfaithful to the great interest of the Commonwealth, then indeed should you hold me to a strict accountability for such dereliction from official duty. But before judgment is pronounced upon my official acts, I claim the right to a fair hearing before an honest, impartial, and intelligent constituency. During the time I have been a member of the Legislature many important acts have passed and become the laws of the State, affecting the vital interest and welfare of the Commonwealth; and whether right or wrong, as far as I am informed, my course has met the approbation of my constituents save in a single instance, to wit: in the passage of the law during the last session authorizing the sale of the State Canals to the Sunbury and Erie Railroad Company. To what extent my views were known upon this question I have no means of knowing, but one thing is certain, they were well known to many of our best and most influential citizens, and from none of them did I hear one word of opposition to this measure. From the first I yielded the approval of my judgment, not, it is true, to all its details as it passed, but to its main features; and I am firmly convinced in my own judgment that the whole people will, on reflection, approve the sale. I have mentioned the fact that many of my constituents knew and approved my course; it is not done, however, to shield myself from the responsibility of my own acts, for them I alone am responsible to my constituents, and seek not to shirk it for others to bear. No voice of remonstrance or opposition ever reached me during the pending of the measure from either of the two counties comprising the bulk of my district. You may therefore imagine my surprise on my return to find a few of my political friends uniting with the "rats," who feed upon the public expenditures along our line of canals, in denouncing a measure of such great importance to the welfare of the State. It was not to be expected that those who fattened upon the plunder of the public treasury, and absorb into their own pockets one dollar out of every three expended on our public works, would approve of a measure that destroyed their vocation and bedded up the public treasure against their depredations, but that the honest tax payers of the Commonwealth should complain when the plunderers are driven off, would indeed be strange. I have no fear that they will do so when the matter shall be fully and fairly understood.

This warfare is gotten up by designing men to manufacture public opinion to help the political organization that has held the control of the public works uninterruptedly for the last twenty years, and using them all that time to sustain their party, and to reward partizan favorites, placing severity to party a qualification for making upon them, instead of fidelity to the State. Against this kind of warfare I respectfully protest.

It is alleged that the legislature took the people by surprise in the passage of this measure, that they were not elected with a view to dispose of the State Canals. This allegation must sound somewhat strange to intelligent men who know that some ten years or more since the people of this State decided by a vote in favor of selling all the public improvements; and in obedience to the will of the people so expressed, some three or four acts have passed by as many different Legislatures, and have been approved by your Governors, authorizing a sale of the Main Line from Philadelphia to Pittsburg, and yet it was not sold until last year, when it was finally disposed of to the Pennsylvania Railroad Company in accordance with the wishes of the people under the provisions of a law passed in the winter of 1857, and in addition to this, the sale of the Main Line was defended by the entire press of the party with which I have acted, throughout the State, and by many of the opposition press, and the sale of the balance advocated everywhere in the last gubernatorial canvass. If there was any one question upon which our people were united, it was upon an entire, absolute, and complete separation of the State from all participation or connection with anything like public works; and here permit me to remark, that any person that justified or defended the law for the sale of the Main Line, ought not to make very free over the sale to the Sunbury and Erie Railroad Company, for I frankly confess I gave that bill my support with more reluctance, than any measure I have ever yet supported. Independent of the almost universal expression of the people in favor of a sale, there is no principle upon which State ownership of public works can be justified, except when absolute necessity on the part of the people render it impossible for individual or associated enterprise to accomplish great public improvements demanded by the growing business of the country.

no other way; or when a combination of circumstances such as existed when our own and neighboring States commenced their system of internal improvements. There can be no other reason why a great State like our own should make herself a common carrier, entering into competition with individuals (her own citizens) in the ordinary business transactions of life. A government travels outside of her legitimate duty when she embarks in any such enterprise.

The people everywhere throughout the State have long demanded a sale of the public works. They have, as I have already shown frequently expressed their wishes upon this question in terms not to be misunderstood, and all parties have yielded assent to the popular sentiment. No political organization has ever dared to brave the people on an issue of this kind. Designing men and faithless politicians may attempt under the garb of friendship for the dear people to excite a prejudice against men who aided to carry out their wishes and consummate this great measure of reform, by raising unimportant questions about the terms of sale, or the yet more trifling opposition based upon petty quibbles, or unmeaning technicalities; but the time for such political shuffling has passed with the people of this portion of the Commonwealth. I deeply regret that any one has been misled by the representations contained in official reports prepared for the purpose of defeating a sale, and in which the real expenditures and receipts on our Canals were carefully concealed.

I do not doubt the wisdom of the policy which founded our system of public improvements. These improvements have made our State rich beyond measure. Untold millions have been added to the assessed value of the taxable property in all portions of the State where these channels of trade have been opened. They have made the sturdy forest yield up her possession of the soil with more rapidity to the strong arm of the pioneer farmer; and happy homes of independent freemen can now be found, where but a few years since the wild beast of the forest held uninterupted and undisturbed possession. The genial influence of civilization has spread over the land wherever these improvements have extended, in rich profusion. School-houses and Churches dot your valleys and hill sides more thickly, and many and vast are the advantages we derive from them, and while we enjoy all these benefits from their erection and maintenance as now occupied and managed we shall continue to enjoy them more fully after, than before the sale, and at the same time dry up a thousand avenues of fraud and speculation upon our treasury.

It is complained in the most general terms that we have sold the canals to an irresponsible and insolvent company, and the most vague and unfair allegations have been made that the Sunbury and Erie Railroad Company is insolvent, and that a sale to that Company will involve the loss of the purchase money. I admit that this is a grave question, and if gentlemen would confine themselves to the proper and legitimate source of inquiry, instead of dealing in general and reckless charges of insolvency against the Company, they would, if impartial, long since have come to a different conclusion. I do not speak unadvisedly when I assert that the Sunbury and Erie Railroad Company is solvent. The Company have a mortgage of one million of dollars upon her 40 miles of finished road, and of the bonds authorized to be created upon this mortgage the Company hold unissued for \$400,000.—Her floating debt is small, such merely as is absolutely necessary in carrying on the business of the road, and prosecuting their work, making the whole debt of the company less than one million of dollars; their bonds to-day are worth more in the market than the 5 per cent. bonds of the Commonwealth. Last year the 40 miles of completed road from Sunbury to Williamsport paid more than the interest at 5 per cent. upon two million of dollars; the net earnings of the road being near \$110,000.

This you see that the Company is solvent, and is not in that bankrupt and worthless condition that interested and reckless opposition have represented her to be; the evidence in regard to her solvency is within the reach of every man who may desire to know its condition. Again it is alleged that the company will be unable to complete their road with the proceeds of the bonds they are authorized to issue under the provisions of the law making the sale. The Company have 228 miles of road to finish; there has been a re-survey of some parts of the unfinished portion of the road, and the cost of structure greatly lessened; twelve thousand feet of tunnelling has been avoided, second class masonry has been adopted in the new plan, and single track bridges have been agreed upon, and the cost of completing a single track estimated at \$5,500,000, by reliable and competent engineers. A large portion of the grading is done from Williamsport to Farrisville, 33 miles, and the iron paid for and delivered to lay the track with; thus enabling the company to put seventy-three miles of their road in operation during the present season, in connection with what is already done, the outside cost of which from Williamsport to Farrisville will be less than four hundred thousand dollars. From Farrisville to the mouth of Sinemahoning, so much of the grading has been done that it is confidently asserted that \$350,000 will complete it, and that the Company for \$750,000 will have over one hundred miles of their road completed, from Sunbury to the mouth of Sinemahoning; and \$500,000, with the liberal local and county subscriptions in the north western counties through which it passes, will complete the road from Erie to Warren. Taking then the 108 miles from Sunbury to the mouth of the Sinemahoning, and the 64 miles from the harbor of Erie to Warren, and you have completed 172 miles of the road for \$1,250,000, leaving only 96 miles to build, and \$4,250,000 of the estimate to finish it with, and \$1,500,000 of the \$7,000,000 of bonds besides. I have also reliable information that they have made other arrangements by which another million is at their command. It will

therefore be seen that this company is solvent and are able to complete their road with the means placed in their hands.

But it is objected that we did not so frame the law as to sell the canals to the highest bidder; to this objection the history of the law passed to sell the Main Line is a sufficient answer, besides the Legislature desired to aid the completion of this road; not by giving her bounty or loaning her credit as she had done in almost all other portions of the Commonwealth, this they did not ask; but by a wise and liberal policy on the part of the State; and there is a provision in the bill that obviates this objection, by providing that the company shall pay over to the State seventy-five per centum of any excess the Company may realize above the price named in the act; besides had the canals been put up at an auction sale to the highest bidder, it would have led to combination among capitalists and companies for their purchase at a lower price than the one named in the bill; or the valuable and paying portions would have been sold and the worthless and unpaying parts remained in the hands of the State, thereby continuing the expense of the Canal board and other officers. I know of no better rule to govern business transactions than this: when you have anything to sell and a fair offer is made you, to accept it. Had other parties than the Sunbury and Erie Railroad Company desired to purchase, why did they not come forward and make their offers, if any was willing to pay more? none was made, and therefore the Legislature were of necessity compelled to sell on the terms offered, or postpone the sale until other parties should offer to buy.

The importance of the completion of the Sunbury and Erie Railroad to the State, in a financial point of view, is very clearly set forth by the following extract from the report of the Committee of Ways and Means of the House of Representatives, to which was referred the bill for the sale of the canals; the facts set forth by this Committee derive force and consequence from the fact of their intimate knowledge and careful consideration of the whole question, besides, eight of the nine members composing that committee signed the report; a significant and unusual unanimity in so large a committee, on so important a measure. The committee say:—

"The undeveloped and neglected wealth of more than fourteen thousand square miles of our territory, awaits in the silence almost of an Arabian desert, a highway to the markets of the world. Between the Pennsylvania Railroad and the New York State line, taking Ridgway as the centre, there is an area at least equal to 120 miles square, within which not one mile of railroad has been laid; and a very large proportion of this immense region is underlain with bituminous coal and iron ore, its surface covered with vast forests of valuable timber, and the soil when cleared, susceptible of a high degree of cultivation.

"Here then is presented an area of 9,210,000 acres comprising about one third of the entire State, and abounding in wealth beyond computation, to be improved and developed by the Sunbury and Erie Railroad and its tributaries.

"By the last report of the Revenue Commissioners, the assessed value of all the real estate in the Commonwealth, taxable for state purposes is \$488,275,000.

"About \$30,000,000 of that amount is charged to the 9,216,000 acres above mentioned, of which the average assessed value is about three dollars and thirty three one hundredths per acre.

"The section of country in the State of New York, through which the New York and Erie railroad passes, may be referred to as an illustration of the effect of such improvements on the value of adjacent lands. Before that road was constructed the price of wild lands in the Southern part of that State did not exceed three dollars per acre. On its completion and almost immediately after the first train of cars had passed over it, the minimum price at which the same lands were sold, for a wide range on either side of the road, was ten dollars per acre; and they continue to increase in value as the country fills up with new settlers.

"In various parts of our own State the prices of mineral and timber lands have been increased, through similar agencies, in a much greater ratio.

"Instance the coal lands of Schuylkill, Carbon, Northumberland and Luzerne counties, and the timber, and coal lands Clinton county which five years ago were sold for one dollar, and within the past year have been sold for ten dollars and upwards per acre, in anticipation of the construction of the Sunbury and Erie railroad. It may fairly be assumed, that within a few years after that road shall have been finished to the harbor of Erie, the mineral lands which now average in the State assessment but three dollars and thirty three one hundredths per acre, will average at least ten times that sum. Allowing one-third only of the 9,216,000 acres above mentioned, to consist of mineral lands, the result will be that 3,072,000 will be worth on an average \$33 per acre or \$111,376,000.

The remaining 6,144,000, increasing in no greater ratio than the New York lands, will be worth ten dollars per acre, or 61,440,000.

Deduct the present assessed value, as above stated, 30,000,000

And the net gain in the assessed value will be 142,820,000

Which, at the present rate of taxation, for State purposes, would give an increased annual revenue to the Commonwealth of \$567,000

"This is by no means an improbable or extravagant estimate. It covers an extent of country larger than the State of Massachusetts and of infinitely greater intrinsic value, and which at present is so sparsely populated that it is entitled to three representatives only in the National Congress, while Massachusetts has a representation of eleven members in that body. As soon as the contemplated improvement brings it into communication with the trade of the lakes and the Atlantic coast, its

extraordinary resources, mineral and agricultural, will attract an enterprising and industrious population, and mills, furnaces, manufactories and thriving towns and villages will be scattered over its whole extent."

The importance of this improvement does not end with the increased valuation of property along the line of the road itself, or in proximity to it; nor will its beneficial influences be circumscribed by the boundary lines of the several counties through which it passes. Its branches will extend to the north and the south penetrating the rich coal fields and iron ore beds of all that portion of the State, by lateral roads, some of which are already constructed; while one of its arms will reach down the valley of the Allegheny river, and reaching Pittsburg, the Iron City of the west by equated distance, by a shorter and better route than by the Pennsylvania Central Road from the Metropolis of your State. This will the Innox House, while gathering the local trade of the country, reach the commerce of the great South-west, and make it pay tribute to northern interest and northern enterprise; and from natural advantages the position of the road is unrivaled. In the west it forms a direct link in the chain of roads which traverses the whole width of the States of Ohio, Michigan, Indiana and Illinois, to St. Louis, and forms a continuous route, giving us in the future the control of the trade and travel over an unbroken gauge on a line twelve hundred miles in length. In the east besides the connection with Philadelphia by the way of Catawissa and Reading, it forms a connection with the Northern Central Road to Baltimore and also two other routes to Philadelphia by way of the Pennsylvania Central and the Lebanon Valley road, and with New York City by the Lehigh Valley and New Jersey Central Road. Besides all these valuable connections, in its westward march this Road has not reached the great point of accumulating wealth, the Lakes. The commerce of the Lakes will be tapped by this road at the harbor of Erie, and is a very important matter of consideration in connection with this subject. The history of its rapid growth is one of the most astounding events in the history of the commercial world. Writers disagree as to the amount this trade; but all agree as to its rapid increase. A writer in Hunt's Magazine gives the whole amount for the year 1841 at \$68,825,000, and for the year 1856, the same writer puts it at \$123,457,000. De Bow in his work on the statistics of the United States gives it for the year 1851 at \$283,187,000. Andrews in his report for the same year published by authority of the U. S. Senate gives it at \$326,593,000. Hunt's Magazine for January 1857 states that during the last 15 years it has increased from sixty-five millions to \$608,000,000.

This vast amount of commerce upon our lakes, as exhibited on the best authority, is greater than all our commerce on the Atlantic Ocean, and with the rapid growth and settlement of the rich and fertile west, this commerce, vast as it now is, must continue to increase greatly for years to come. Much the largest portion of this trade is seeking an outlet on the Atlantic seaboard, and greatly to the injury of our own Commonwealth it finds its way to market over the rail-ways and Canals passing through other States, in consequence of the illiberal and restrictive policy of our own. It should be our pride as it is our interest to draw as much of this trade as possible within and through our own borders. We have the best natural harbor on the lakes, with a line therefrom shorter and more favorably located than any railroad in any other State to the Atlantic seaboard. For these reasons I was in favor of selling the Canals to the Sunbury & Erie Railroad Company; others I would introduce were it not for extending this communication to an unreasonable length.

Having conclusively established the importance to the State of completing the Sunbury & Erie Road as well as its solvency, I propose to examine the value of the Canals sold. Taking the statement of partizan officials biased and unfair as many of them are; since the Canals sold have been in operation, their average yearly income has been \$123,924,000. In this calculation many important items for many years are entirely excluded, among which are the expenses of the Canal Commissioners, lock keepers, weigh-masters, claims paid, and damages sustained by transporters, printing, patent-right, and other innumerable incidental expenditures. Claims seldom if ever find their way into the Canal reports, as they are mostly paid by laws making specific appropriations for their payment. It would be a low estimate to put them down at \$25,000, per annum, deducting this amount from the above figure and it will bring the revenue of your Canals at less than \$100,000, annually. It may be said that they have been paying better for the last few years; if this be true, what guarantee have we that they will continue to do so; rival works are growing up around all of them. The Delaware Division cannot be sold to-day for as much as one million of dollars as it could three years since. The Lower North Branch has a competing railroad running along by its side, with a level or descending grade with favorable curves to a connection with the Catawissa & Williamsport road at Rapet, and will be completed to Northumberland at no distant day, making a connection with the Sunbury & Erie, and the Northern Central, which will be completed to Sunbury by the first of July next, forming a continuous rail-road to the cities of Philadelphia and Baltimore, coming in direct conflict and competition with the entire length of your finished Canals from Pittston southward. The West Branch Canal has long been acknowledged to be worthless, and it also has a competing rail-road for the trade of that valley. It will be seen that the State has no guarantee whatever that they will pay any better in the future than they have in the past. I have not a doubt that the people will realize more for them under the law of last session authorizing the sale than they would at any future day had the sale been postponed until a later period.

The Legislature has been constantly granting charters for building rail-roads all over the State, without regard as to how they would

affect the State Canals, and why? Because public opinion and the business interest of certain localities demanded it, and none has been so bold as to denounce this policy, fatal as it has proved to the business and revenue of our Canals. These roads are now and will continue to depreciate the value of the Canals, until they would have become worthless under the control and management of State agents.—No denunciation for all this, but when by this system of indiscriminate granting of charters the fate of your public works are sealed, and the Legislature prompted by an honorable desire to obtain something for them before it was too late, disposed of them, then it is that no denunciations too base, no vulgarism too mean with which to clothe the language of complaint against those who had the independence to stand up in defence of the over-burthened tax payers of the Commonwealth. The history of State management of public works has not only proved a failure in Pennsylvania, but is premonitory of failure in some of our neighboring States. The Chesapeake and Ohio Canal is said to be hopelessly bankrupt; its tolls last year were \$58,248,99 less than in 1856, while its current expenses were \$130,787,77 greater than in 1856. It is undoubtedly true that a series of unavoidable misfortunes has done much to make an unfavorable exhibit, but its whole history has been one of loss and trouble.

The New York Canals also make a very unfavorable exhibit, so great has been the falling off in the receipts that a proposition was introduced into their Legislature last winter to impose an odious tonnage tax upon the commerce of their rail-roads to make up the deficit, and the question of a sale of their Canals is being agitated in that State for the same reasons that our own State has disposed of her Canals. The tolls on the Canals of that State have gone down from \$3,204,718 in 1853, to \$2,031,967, in 1857 and have increased on competing rail-roads in the same time from \$4,376,044 in 1853, to \$8,873,823, in 1856. Thus we find the Canal tolls in the short space of five years have sunk \$1,172,751, while the rail-road tolls have increased in four years \$4,497,779, and in 1853 the rail-road receipts only exceeded the receipts from the Canals \$1,171,326. In 1857 it was \$6,125,611, and for the first time in twelve years failed to pay the interest on the funded debt by \$350,000. This shows the N. Y. Canals to be constantly growing worse & steadily depreciating in value. The Auditor of that state gives in his last report some facts calculated to impress the close observer of things still more unfavorably with Canals. He informs us that since 1851 the number of barrels of flour carried over the Canals has diminished from 3,443,472 in that year to 250,000 in 1857, and the tolls have of course fallen off in the same proportion. While these figures make a very disastrous show for the New York and Maryland Canals, similar statements of the trade upon the Virginia and Ohio Canals might be made.

It will not do to say that unusual depression has caused all this falling off of the trade upon canals; other channels of trade have been opened in many cases, and cheapened in others, all managed by the shrewdest and best business men in the country, who having a direct and personal interest in the good management of them, give them their personal attention. One moment's reflection must satisfy any man how much more efficient must be the management under such circumstances, than with political State corporations where the works become a part of partizan machinery; where officers are selected not for their fitness, but as the reward of partizan fidelity; and purchased by activity rather than earned by merit, and in order to distribute the favors to as many of the faithful as possible, rotation in office becomes necessary and good as well as bad men fall under the arbitrary rule of partizan tyranny. Thus the certainty of removal, and the probable short tenure of place takes away much of the inducement to fidelity, and pleads for promptness in plundering, which seems to have been heretofore as good, if not a better recommendation for re-appointment than honesty.—Strong and influential partizans clamorous for place have been the means of creating new and unnecessary officers, thereby giving unsteadiness to the Canal department, and rendering system in their management impossible. How is it to be expected that in the absence of anything like system or integrity, prosperity or profit is to accrue to the Commonwealth? Although these serious and important drawbacks have always operated against our canal system, continually producing their corrupt and demoralizing influences upon the people, and would of themselves be sufficient cause for disposing of them at any price that could be obtained, and I repeat we had no offer except the one made by the Sunbury & Erie Railroad Company; the trade from the Wyoming Coal fields that has passed down the canals and cleared at Beach Haven, has been increasing until in 1856, it ran up to 310,631 tons. In 1857 it dropped down to 405,827 tons, showing a falling off of 165,804 tons in a single year. Here again do we see the effects upon the canal trade consequent upon the completion of competing railroads. The Northern Central Railroad reached the Lykens Valley Coal fields in 1856, and was completed to Trevorton in 1857, and will make a complete connection with the Sunbury and Erie road by the first of July next. This road has carried a large quantity of coal to the same markets where the Wyoming coal has been sold heretofore, and being some fifty to sixty miles nearer market has an advantage in its competition for the Southern trade, seriously as I have shown, effecting the tonnage upon the canals.

There is, however, a more forcible illustration of the effect of rail-road competition as against the Delaware Division; upon this canal there has been no increase of coal shipments since 1852, and for the last three years has been decreasing. In 1855 it was 755,265 tons, in 1856 it was 698,315 tons, and in 1857 it was 530,911 tons. While during the same time the entire coal tonnage from the Lehigh coal region was in 1855, 1,275,051 tons, in 1856, 1,352,034 tons, and in 1857, it was 1,218,250

tons. It will be observed here that the entire yield of this region in 1857, was 43,499 tons greater than in 1855, and yet it will be seen that the coal tonnage on the Delaware Division was 224,353 tons less than in 1855.

I know it is asserted over and over again, that rail-roads cannot carry coal or other heavy tonnage as cheap as it can be transported upon canals. If this be true, how are we to account for the steady decrease in tonnage upon the Canals, and the rapid increase of freights upon the railroads? The canals in our own State have no competition except railroads, and a larger quantity of coal is going to market every year, and the coal tonnage upon your canals steadily and surely growing less, and increasing up on railroads. The conclusion is irresistible, and can be proved by mathematical demonstration; that railroads with favorable curves and easy grades can carry coal or other freights as cheap, if not cheaper, than any canal that cannot carry more than a seventy-ton boat.

It would have been unwise on the part of our legislature to shut their eyes to the naked fact, that the business upon our canals, not from transitory, but permanent causes is diminishing. New routes are continually being opened, and some of them shorter than the canals; new and improved machinery and strict economy in management, all aiding to cheapen coal to the consumer, and all will continue to operate against the old and in favor of new modes of transportation. I have shown that the average yearly net revenues of the canals sold, from their opening up to the present time, by the one sided reports of officials, does not equal the amount by over \$75,000, the interest at 5 per cent. on \$3,500,000, the price named in the law for the sale; nor do I believe that if an honest and faithful exhibit could be had yearly, anything like this amount would be found to be the true figures. In the report of the Committee of Ways and Means I had the following amount put down as the net revenues for 1857: "Put out of view entirely, the interest on the cost of these works, and the apparent net income of the year was \$67,761 29 only; at which rate their real value to the State would be \$1,335,226." As they do not give a detailed statement for this year, of course I cannot tell how they arrive at this conclusion. From other detailed statements, however, which I have had occasion to examine, and which I found in the main correct, I am inclined to the opinion it is too high.

The following exhibit was made by a gentleman of high character, and great intelligence, whose experience in the management of these works, entitles his statements to the fullest confidence, approximating nearer the truth than anything I have yet seen, so far as I have been enabled to reach the proper documents to investigate them. I therefore introduce it here:

Total receipts for 1857 from all the canals owned by the Sunbury and Erie Railroad Company, as put down by the Auditor General	\$2,194,979.55
Expenses on the Upper and Lower N. Branch for the same year	132,601.56
Susquehanna and West B. Divisions	104,418.42
Profits on the Delaware Division	31,520.19
Collectors on all the divisions, and incidentals of their office, damages, pay of Canal Board, State Engineer, etc.	463,840.19
Total expenditures	\$488,275.00
Total receipts over expenditures for 1857	\$488,275.00

There is no way of ascertaining the amount that should be deducted for the through freight cleared at the upper offices for the 46 miles of the Main Line sold last year; but it will be a low estimate to call it \$15,000. Taking this amount from the balance as exhibited above, (\$48,208 19) and it leaves as the net earnings of your canals for 1857, \$33,208 19. It may be said that it is unjust to charge in this account, the amount expended upon the North Branch Division of \$184,886 59. But if you add this amount to the net income, and thereby run up the receipts to \$168,094 78, you still have an amount less than the interest upon \$3,500,000 at 5 per cent. which is \$175,000, with the advantage of a certain instead of an uncertain revenue.

Again it may be alleged that when the North Branch Division comes into successful operation its revenues will be large. This is to a great extent a matter of speculation in which nothing but experience will determine; and while I can appreciate the advantages of this improvement to our portion of the State, in giving us the advantages of an easy communication with the coal fields in the Wyoming valley, extending to our farmers and placing within their reach the markets of that region, and opening a line of communication for the catlet of our coal northward. I am not among that class of citizens, who have indulged in such extravagant anticipations in regard to the amount of revenue that would accrue to the Commonwealth from this Division of our public works. It is not nor do I believe it will be in successful operation for months to come if it is during the season, without frequent interruptions, requiring heavy expenditures for repairs. It has not yet been tested, it is now, and the expenses must be heavy each year for some time to come; breaks will occur, as is always the case with new Canals. Then what security had the Commonwealth, that under her corrupt and venal system of management the revenues would much exceed the expenditures? There is another item of expenditure from which the State is released by the sale. The damages along the lines of the Canal, which are estimated to amount to from \$150,000 to \$200,000, are all to be paid by the purchasing Company.

In addition, however, to what has been already shown, it can be shown by the official reports of the Canal board, that while the working expenses have largely increased for the last few years; the revenues have very largely decreased. The revenues for 1855 were \$191,993.90. In 1856 they were \$155,607.44, and in 1857, \$512,048.29. Thus it will be seen that in three years the revenues have diminished \$283,855.41, while the working expenses have increased in the same time \$68,845.18. When official documents and records fairly cited, furnish such a state of