When Baltimore can communicate with St. Louis and New Orleans with equal certainty, at a shorter distance, and at less cost than attend the intercourse from the same points with Philadelphia, New York or Boston, she may then and not before hope successfully to contend with those cities for the western trade. Then and not before the capital and enterprise now inactive, or which may have sought more favored points may be expected to return: then her wharves may be lined with foreign ships and steamers, and she may become the mart of an extensive domestic and foreign trade.

In the proportion in which the extension of the Baltimore and Ohio Rail Road shall add to the resources and advance the prosperity of Baltimore, all the people in every part of the State of Maryland are interested in its vigorous prosecution; nor can the augmentation in the value of property, and the full relief from the present burthen of taxation, which has been expected from the enterprise, be realised until it can be completed.

The successful operation of finished rail roads judiciously located and economically managed between desirable points, is satisfactorily established by experience both in the United States and in Europe; and that a rail road from Baltimore to the Ohio river, comprehends the most important intercourse between the various parts of the Union will not be denied. While the considerations which in a public point of view, warranted the original enterprise, have lost none of their importance, the board venture the opinion that the capabilities of the work, and the claims it prefers to the public favor are already fully established. Wholly and peculiarly calculated to improve the trade and augment the wealth of every part of the State, they must continue to regard it as one of chief magnitude.

It is neither designed nor calculated to transfer the resources of any portion of the State to rival markets; on the contrary, reaching the heart of the whole trade west of Baltimore, terminating within the limits of Maryland and immediately connected with the city upon which the commercial importance of the State is dependent, it is entitled to become the peculiar object of the public favor and support. It is not to be disguised that many portions of the State, already heavily taxed for the maintenance of public credit, have little or no interest in any public work beyond what they incidentally derive from the prosperity of the commercial emporium; and if the Baltimore and Ohio Rail Road can in any sense be deemed a rival of any other enterprise, it can only be from its tendency to concentrate in the Maryland market the resources which by different channels would be diverted to other cities.

Already, in its unfinished state, it has imparted a new impulse to the trade and capital of the city of Baltimore. In the first year of its extension, after little more than ten months operation from *Cumberland;* subject to the rivalries of the works of other states at reduced rates of transportation, and without aid from the Washington road, it has earned a nett revenue of four per cent upon the capital employed; and had it been extended, would have needed no greater amount of

trade at prices which might have been charged without inconvenience, to have earned at least seven per cent.

Fully impressed with the necessity of making every exertion for the further prosecution of the work, it is a source of regret that, from causes beyond their control, the board have been unable during the past year to adopt any efficient measures for that purpose. The charter of the company both in *Maryland* and *Virginia*, by its original terms, is perpetual; but, without additional legislation, the board had no authority, after the 4th of July last, to occupy any greater extent of the territory of either state for the extension of the road. Although the Legislature of Virginia adjourned without removing this obstacle, the board have reason to believe that at the ensuing session an application for that purpose will be more successful.

In Maryland, the Legislature allowed a farther period of twenty years; but at the same time incorporated the permission in the law authorising a sale of the public works, and in such manner as that, unless the state's interest in the work should be sold, the authority could not be exercised.

The board would not be unwilling to co-operate with the Legislature in any equitable disposition of the State's interest in the rail road company; as a means of lessening the public debt, and to that extent effecting some immediate relief to the people from the burthen of taxation.

By the terms of the late law, however, there were grounds to apprehend that the period of twenty years would operate as a limitation, not upon the completion of the work only, but upon the duration of the *charter;* and that, notwithstanding the guarantee of a perpetual annuity of $30,000 from the Washington road, the State would also be entitled to receive, in addition, one-fifth of the gross receipts from all passengers passing over the road to and from the city of Annapolis.

Under these circumstances, if in other respects it had been unobjectionable, the board did not feel warranted in recommending the law to the acceptance of the stockholders.

From these causes the board have been constrained to limit their measures for the extension of the road, to further reconnoissances of the country west of Cumberland through the State of Virginia, in the well-founded belief that in that direction, should it become advisable to seek it, a better and cheaper route to the Ohio river may be obtained.

They also look forward with confidence to more auspicious legislation in both States during the ensuing winter; and it is their intention in that event, in the same spirit which has animated them in the past, to take such measures, as with the resources adverted to in the last annual report, may enable them to recommence the prosecution of the work committed to their management.

By order of the Board,

LOUIS McLANE, *President.*

Office of the Baltimore and Ohio Rail Road Co.,
October 6th, 1843.