

the institutions of other States. In regard to the charities of the State your committee may indulge a just pride. Many of them have been founded by her liberality and munificence, and should continue to receive her fostering care; but the Legislature must exercise discretion and bestow on those whose objects and organization give promise of greatest usefulness. With retrenchment and judicious economy the State may indulge her liberality without militating against her purpose to pay off her public debt at no distant day.

In her financial policy, this object should be kept constantly in view, and in a comparatively few years she will be clear of every incumbrance. By the course which is pursued of investing the sinking fund, as occasions offer, in the debt of the State, this fund may be now said to represent a purchaser, whose especial duty it has been made to purchase up the bonds of the State, on which, as any other holder, it receives its interest quarterly or semi-annually, and again invests these increments from interest in the further purchase of State bonds, and whenever the time shall arrive when the bonds held by it shall equal the debt of the State, or in other words, whenever this fund shall have absorbed the debt of the State, the debt will be cancelled, because held by a fund, which itself belongs to the State. Under this policy, the debt of the State has been greatly reduced, and but for the unavoidably heavy drafts on the Treasury to meet the expenses and wastes of the late war, we should have been nearly clear of debt. It has been reduced from \$13,649,796.53 to \$7,614,413.43, and if from this we deduct the amount of \$1,529,379.44, still standing to the credit of the sinking fund, the actual amount for which the State would have to provide interest, would be reduced to \$5,779,232.85. This remaining indebtedness is more than covered by available assets, but which, at the present time, it might not be judicious to convert or dispose of, as the State may with better economy, continue the gradual liquidation of her debt, as at present, and look forward to the time when the revenue from her works of internal improvement and especially from the Chesapeake and Ohio Canal, will complete the work of relieving her from all her obligations. This great work should receive the State's care and vigilance. Time has given it stability, its banks have become firm, and experience has taught those in its management to guard against the effects of freshets or other casualties. Under proper supervision it must in ten or twelve years, according to the opinion of its President, pay off prior liens, and then become a source of large revenue to the State.

Owing to difference in exchange, the interest, which is made payable in London, on the balance of our 5 per cent. sterling bonds, which have been past due since 1865, amounts