

contemplates no such absurdity. It does not suppose that a balance is to be paid with a part of the whole. But, it does contemplate that all of the debt (or, so much thereof as the State will be ultimately called upon to pay) can be absorbed, by purchase, into the Sinking Fund; first, by the annual re-investment of its own interest, and secondly, by appropriations granted to its aid from the surplus revenues. When the Sinking Fund, therefore, shall equal in amount, not the outstanding balance of the nominal debt, but that portion of it, for the ultimate payment of which the State must make provision, the debt may be said to be practically cancelled. The Constitution expects that the residue of the apparent debt may rest securely upon the resources of the three productive Internal Improvements, for the benefit of which it was contracted, and which now pay the current interest thereon. I am disposed to concur with the framers of the Constitution, in the opinion that the Sinking Fund is something more than a fallacy. You cannot fail to perceive, now, that my object, in calling your attention, in my last Annual Message, "to the capabilities of the Sinking Fund in itself, even if left unaided by the general revenues," was simply to show, that the rate of taxation necessary to pay the interest, in compound ratio, on that Fund and its annual accretions, and upon the outstanding debt, would of itself be sufficient to accumulate a gross amount, much more than equal to the entire actual and nominal debt of fifteen millions of dollars, two years before the principal portion of it becomes due. Which means simply this; that, if no greater amount of direct and indirect taxes were levied, than would be just sufficient (in conjunction with the revenues derived from the Public Works) to pay the annual interest on the public debt, the Sinking Fund itself, would be able, by compounding its own interest, as it does now, to absorb the whole debt before maturity.

The augmentation of the Fund, thereby, could impose no additional burden upon the people, as the annual interest on the entire debt would continue the same; and, as that portion thereof, paid to the Fund, would be only so much withdrawn from the public creditors, whose bonds had been purchased for its use. The Fund would increase, each year demanding a still greater amount of the interest; until, finally, having absorbed the whole debt, it would claim the whole interest. Its function would then cease; and cancellation begin. The interruption in the regular ratio of compounding (upon the entire Fund, as it now stands) which would be occasioned by the liquidation of such smaller portions of the debt, as will fall due, from time to time, would be more than counter-