

which she shall continue to pay the interest as it becomes due. The honor of the State and the interest of her citizens imperatively demand of you efficient action upon this all important subject. I need not ask you, gentlemen, in coming to its consideration, to throw aside all views of party or individual political advantage, and to look solely to the honor of your State, and the welfare of your constituents; for I am persuaded that the political destruction of the individual or party is irrevocably sealed, that shall omit to propose, or shall oppose, the passage of such laws, as, in the opinion of the people, will be certainly adequate to redeem, and, for the future, preserve the credit of the State.

The annual interest on the public debt is \$655,421.20; and there has been paid during the fiscal year ending on the 1st December, 1845, in liquidation of arrears of interest, the sum of \$710,784.51. The gratifying result is consequently exhibited that the arrears of interest on the public debt (instead of increasing, as in previous years, at the rate of about three hundred thousand dollars per year,) have been actually diminished during the past fiscal year by the sum of \$55,363  $\frac{3}{8}$ . The arrears of interest, as shown by the report of the Treasurer to the last Legislature, amounted, on the 1st of December, 1844, to the sum of \$1,432,154  $\frac{1}{8}$ , and on the 1st of December, 1845, the entire interest due to the creditors of the State was \$1,376,891.20. It is not, it cannot be expected, that you will provide for the *immediate* payment of this arrearage of interest; but some adjustment of this balance is essential as a preliminary to the resumption of payment by the State, as it would be manifestly unjust, and *therefore* inadmissible to provide for the future payment of the accruing interest, leaving unliquidated and unsatisfied the interest which is now due.

It is unnecessary to consider the various suggestions which have been made for the attainment of this object. To one, however, I will refer, for the purpose of expressing my conviction that its adoption would violate the faith of the State pledged to her *creditors* and to her *citizens*. The suggestion, to which I refer, is one which was mooted during the last session of the Legislature, "to stop the operation of the sinking fund, and appropriate its proceeds to the extinguishment of this balance."

The sinking fund commenced with the debt of the State. Each law which authorized a loan upon the public credit, *created* a fund which would redeem the sum borrowed at the expiration of the period of credit specified in the law. By this means the payment of the principal was secured to the public creditor, and the citizens protected against the possibility of perpetual taxation, or the ruinous consequences of a tax to pay off the principal of the debt.

The sinking fund on the 1st December, 1844, amounted to \$1,276,306  $\frac{7}{8}$ , and on the 1st of December, 1845, to \$1,404,030,  $\frac{2}{8}$ . It is progressively increasing by the quarterly re-investment of the interest accruing on it; and its operation has demonstrated its adequacy to secure the citizen and creditor of the State by redeeming