

the principal of the public debt within the periods limited in the appropriation laws.

The public creditor, with the *certain* assurance of the future prompt payment of the accruing interest, will, I am persuaded, be well satisfied to fund the arrearage of interest upon such terms as will comport with the ability of the State, and at *any* rate of interest you may deem *equitable* and just.

The entire debt of the State, bearing interest amounts to the sum of \$11,986,784 $\frac{9}{10}$.

Under the operation of the law which authorizes the payment of of taxes in coupons or certificates of interest, the public creditor *in fact* receives the amount of his interest, *less* the discount at which the coupons or certificates are sold, and *less* the tax imposed on his stock. Coupons and certificates of interest are now selling, and have sold since the passage of the law, at an average of eighty per cent.

The result is that the creditors of the State, holding the bonds or stocks of the State, bearing an interest of six per cent., amounting to the sum of \$3,829,359 $\frac{1}{10}$, receive an interest of four and fifty-five hundredths per ct.—the creditors, holding the five per cent. bonds of the State, amounting to \$7,557,425 $\frac{8}{10}$, receive an interest of three and three-quarter per cent.; those holding the bonds of the State, bearing an interest of four and a half per cent., amounting to \$100,000, receive three and thirty-five hundredths per cent., and those creditors who hold the three per cent. bonds of the State, amounting to \$500,000, receive two and fifteen hundredths per ct. I have adverted to these facts for the purpose of showing that the *interest* of the public creditor would be eminently promoted by any liquidation of the arrearage of interest, by which *its payment* within some fixed and reasonable period would be ensured, and by which the future regular payment in money of the accruing interest, according to the contract of the State, would be undoubtedly secured.

If, after a thorough investigation of the subject, you should determine that the State *shall* resume payment on the first day of October next, it will be necessary to fund the interest inclusive of the quarter ending on the first of July, 1846.

In view of the anxiety which will exist on the part of the tax payers to avail themselves of the privilege of paying in Coupons or certificates of interest (a privilege which they are aware must be denied so soon as you decide to resume the payment of the current interest) I do not think the present arrearage of interest will be much increased. Suppose the arrearage of interest, on and including the interest of the first July 1846, would amount to the sum of \$1,500,000; this funded at three per cent. would increase the current interest from that date by the sum of \$45,000; and if you should decide to pay off the principal, thus funded, in twenty years, it will be necessary to provide annually the further sum of \$75,000; which sums added to the current interest on the present funded