

will enable us to do that, which is believed to be our imperative duty to do, whenever we are able; they mean that, the interest in arrear shall be funded, made principal of, bearing some reasonable rate of interest, and the interest thereafter, paid, regularly as it becomes due.

It is estimated, that the interest which will be in arrear on the first day of July next, up to, and inclusive of which, it is proposed to fund, will not much, if any, exceed twelve hundred thousand dollars, and if so, the additional annual charge upon the Treasury, will still leave us at the end of every year, in possession of a surplus, which may be increased by such judicious measures of retrenchment, as may be suggested and adopted, during the present and succeeding sessions of the Legislature.

The committee cannot conceal from themselves the fact, that much of the opposition to funding and making capital of the arrearages of interest, results from the impression, that many of the present holders of the State debt, and of the claims for interest, purchased at rates of depreciation, more or less below the par value. This may or may not be so. It is, to be sure, more than probable, that some of the holders of these claims against us, did not pay for them dollar for dollar. But can the State avail itself of any such plea to reduce the demands of her creditors? If these claims and demands have fallen in the market below their par value, the fault, or the misfortune, is ours, and we have no right to take advantage of this fault or misfortune, to escape from the obligation of our contract.

The committee have already presented some considerations, which they believe will hereafter soften materially the severity of the judgment, which some are disposed to pronounce upon the people of Maryland, for not paying punctually, as it fell due, the interest upon the debt of the State. But these considerations, however they may excuse us for the past, can furnish no apology for not doing justice, now that we are able; and above all, they cannot afford the slightest pretext, for insisting that we shall not make our creditors some compensation for withholding from them their interest as it became due, because we ourselves suffered the credit of Maryland to sink below par.

There is another point of view in which this argument against funding, if it shall be urged, is still more indefensible.

The loss occasioned by the depreciation of our stocks, consequent upon the failure of the State to make provision for the payment of the interest as it became due, has fallen chiefly, if not entirely, upon the creditors themselves. Assuming that the legal rate of interest, (six per cent.,) is the value of money in Maryland, and it would not be difficult to show, that the State has received a full equivalent for every dollar of her debt. For all that portion which bears an interest of five per centum, and which was contracted prior to the year 1835, amounting to \$1,729,947 30, she received premiums, varying from five to ten per centum. Upon three millions of six per cent. debt, contracted under the authority of the