

According to this view of the case, the account will stand thus :

Amount of the debt to be paid,	\$5,000,000
Interest on the same for 9 years at 5 per cent.,	2,250,000
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Making	\$7,250,000
Which deducted from	14,500,000
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Will show the amount including principal and interest, for which the people of the State will have to be taxed if the debt is not to be paid until 1890, and which amount is

\$7,250,000

But there is another serious loss the people will have to sustain by prolonging the ultimate payment of the debt, in the cost of collection of the taxes. Suppose the debt can be paid off in nine years, but that its payment should not be made until 1890; taxes must be levied on the people for twenty-nine additional years. The cost of collecting them to pay the annual interest on \$5,000,000, will amount for those twenty-nine years to

\$362,500

To this is to be added the per centage of loss by defaulting Collectors and Sheriffs which, at the moderate estimate of 2 per cent. per annum, would amount in twenty-nine years to

145,000

\$507,500

Both of these estimates are *too low*.

Showing a total loss to the people of \$507,500, if the debt is not paid off until 1890, and which sum they can keep in their pockets, if the debt is paid off in nine years.

But this is not all the gain which will result to the people. For reasons which the Committee have set forth, they are satisfied that the 5 per cent. stocks taking the range of 9 years to come, can, if the surpluses are judiciously managed, be purchased at an average of 90, and thus, there would be another gain of \$500,000, by buying in the debt at 90, instead of redeeming it at 100, which must be done if the extinguishment of the principal of the debt is deferred to 1890, thereby making the considerable clear saving to the people of \$1,007,500, if paid off in 9 years.

The case supposed by the Committee implies of course, that for 29 years no portion of the principal of the public debt is paid off, and as a result, that taxes to pay the whole amount of interest must be levied. Practically, however, there will be by the operation of the sinking fund itself, a gradual reduction of the principal, but every one must see that the results stated, must measurably apply in proportion as the ultimate extinguishment of the public debt is procrastinated. To the extent to which taxes are reduced, is the ability of the State lessened in paying off the principal, and the period of ultimate payment deferred.

And here another matter of importance is to be considered, if