

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 countervailed, by the annual additions made to the Fund, out of the surplus revenues ; as I expressly stated in my last Message. This suggestion pre-supposes that State stock is purchased at par ; or, that the increments of the Sinking Fund would be temporarily invested in foreign securities at par. If this could not be accomplished by the policy of a protracted payment of the debt, it certainly could not be expected from that other policy, which proposes to send the State into the market, with enormous annual revenues, to give her Stock an excessive value. That was the view, which I presented of the Sinking Fund, at your last session. That was the great leading fact, which I desired to impress upon the argument. It was offered to your consideration, in order that, you might have additional cause for confidence, beyond that derived from the general exhibits of the Treasury, in the measure suggested by me, for the reduction of the rate of taxation, and the corresponding diminution of the surplus revenues. I did not propose to rely solely upon the accumulations of the Sinking Fund itself ; for, I expressly recommended the preservation of a reasonable margin, beyond the apparent annual wants of the Treasury, to be estimated upon an average of the surplus revenues of each year, as a safeguard against accident, and for the extrinsic aid of the Sinking Fund. Hence, I may be permitted to say, with the most perfect respect, that it was wholly unnecessary for the Majority of the Committee on Ways and Means, to argue, in their Report to the House of Delegates, at the last session, that it is the duty of the State to pay its debts ; and, that no policy should be pursued, “ which would bring discredit on our Stocks, lest we might be obnoxious to the imputation of reducing their value, for the purpose of speculating in them.” I cannot perceive that the policy recommended by me has any connection with these truisms. But, I do perceive that that policy, which proposes to pay a debt thirty years before maturity, with enormous surplus revenues annually augmenting, may well be expected to tempt bond-holders to speculate, at the expense of the State. The Majority of the Committee express the confident belief that such a policy would not realize my forebodings ; and they illustrated their views, by supposing that the 5 per cent. Stock (which they regard as the portion of the debt to be bought up, and which was then selling at ninety cents in the dollar,) would not rise much above that price, within the next ten years. I cannot foresee what may be the possible developments of the next ten years ; but, I can speak with certainty of the transactions of the last fiscal year ; which show that all the purchases of 5 per cent. Stock, for the use of the Sinking