

appears conclusively that the financial policy of the State needs no alteration, and that a firm adherence to the present system will, in a few years enable the Legislature to relieve the people from the burden of direct taxation, and to discharge the whole debt. Under the act of 1853, chapter 260, the surplus left in the Treasury after defraying the ordinary expenses of Government, and the current interest upon the funded debt, is applied, to the extent of \$100,000, to the enlargement of the sinking fund. The surplus over the sum of \$100,000, is applied to the purchase and actual cancellation of the debt. This application of the surplus, together with the investment of the annual increment of the sinking fund is rapidly absorbing the whole debt, by a gradual system which imposes no hardship upon the people of the State. Long before the time shall have arrived when the greater part of the debt will become due the State will be possessed of all of it, not actually extinguished.

The report of the Treasurer made in compliance with an order of this House, will show, that sum of \$277,629 99 has been added to the sinking fund since the 1st of December 1852, and that its aggregate amount is now \$3,005,706. Since December 1852, there has been purchased and cancelled under the act of 1853, chapter 360, the further sum of \$127,759 64.

No community has ever occupied a more enviable position than Maryland will hold when eight years shall have passed, if she is but true to her own best interest, and refuses to interfere with her present tax system. No more fatal error could be committed than to attempt to limit the receipts to the amount of the ordinary expenses of Government. The injury to the credit of Maryland, and of the Internal Improvement companies within its borders and to the whole property within the State would be certain and immediate. Even if it were contemplated to devote no more to the enlargement of the sinking fund than the increment of the fund itself it would still be but prudent and necessary always to be able to retain a considerable surplus in the Treasury. There are fixed periods when large amounts are payable by the State, while the payments into the Treasury are made at uncertain times. If the annual receipts were barely equal to the expenses, there would be times when the State would be unable to meet its current liabilities. By allowing a reasonable excess of receipts over expenditures, this danger is avoided, and the means of further reduction of the debt is ever at hand.

It will also be observed that there are several important items heretofore holding a place in the list of receipts which can no longer be so regarded. The sum of \$10,000 for African Colonization is no longer paid into the Treasury by the counties: though that sum is annually disbursed for that purpose under the act of 1852; chapter 202. The Auction duties, as before remarked, are now payable out of the Treasury, to the extent of \$20,000, to the Mayor and City Council of Baltimore. The Baltimore and Sus-