

in accordance with said Act, that the amount of the defense loan issued under the Act of 1864, chapter 15, would be redeemed at the Treasury on the same day and that interest on that would cease therefrom. The latter amount is small and was entirely insufficient for the investment of the sum still available to the Treasury for that purpose, after the absorption of the loans authorized by the Acts of 1874, chapter 469, for the State Normal School, and by chapter 233 for the House of Correction.

The high price of gold and exchange on London, was for a time deemed an obstacle to the course ultimately taken, but finding that the premium would advance on the stock outstanding and not yet due, in proportion to the requirements of the Treasury for this investment, and that to purchase it at such exorbitant rates would be a comparatively worse sacrifice than the payment of the overdue bonds in gold, the latter course was adopted, and steps were accordingly taken for that purpose. The whole amount of gold necessary for redemption of this loan, has been transmitted to London, and placed to the credit of the State, with Messrs. Baring Brothers & Co., who have agreed to disburse the same, and take up the bonds, for a commission of one-fourth of one per cent. This was deemed reasonable, as the State had uniformly paid the same firm a commission of one per centum for disbursing the sterling interest in London. I hope that the course taken by the Treasury officers will meet the approval of the General Assembly. While on this subject, I desire to call the attention of the Legislature to the fact, that there will still remain the bonds issued to the Susquehanna Canal Company in 1838, which have been due in London since 1865, and to recommend that such sums as may be available to the Treasury for the redemption of the public debt hereafter, may be directed to their extinguishment. When this shall have been done, the remaining debt of the State having some time to run, before it can be called in for payment, should, in my opinion, be allowed to remain outstanding until due, unless the purchase in the mean time can be made at not more than its par value. I see no good reason for taxing the present generation to pay off the principal of the debt before it is due at a premium, when the benefits arising from the improvements, for which the debt was contracted, will accrue in equal if not greater proportion to future generations.

INVESTMENTS OF THE SINKING FUND AND FREE SCHOOL FUND

Statement "F" exhibits in detail the several stocks and bonds in which the Sinking Fund and Free School Fund are invested,