This is due to our national character. All the territory which we have acquired since the origin of the government, has been by fair purchase from France, Spain, and Mexico, or by the free and voluntary act of the independent State of Texas, in blending her destinies with our own. This course we shall ever pursue, unless circumstances should occur, which we do not now anticipate, rendering a departure from it clearly justifiable, under the imperative and overruling law of self preservation.

The island of Cuba, from its geographical position, commands the mouth of the Mississippi, and the immense and annually increasing trade, foreign and coastwise, from the valley of that noble river, now embracing half the sovereign States of the Union.—With that Island under the dominion of a foreign power, this trade of vital importance to these States, is exposed to the danger of being destroyed in time of war, and it has hitherto been subjected to perpetual injury and annoyance in time of peace. Our relations with Spain, which ought to be of the most friendly character, must always be placed in jeopardy whilst the existing colonial government over the Island shall remain in its present condition.

Whilst the possession of the Island would be of vast importance to the United States, its value to Spain is comparatively unimportant. Such was the relative situation of the parties, when the great Napoleon transferred Louisiana to the United States. Jealous, as he ever was, of the national honor and interests of France, no person throughout the world, has imputed blame to him for accepting a pecuniary equivalent for this cession.

The publicity which has been given to our former negotiations on the subject, and the large appropriation which may be required to effect the purpose, render it expedient, before making another attempt to renew the negotiation, that I should lay the whole subject before Congress. This is especially necessary, as it may become indispensible to success, that I should be trusted with the means of making an advance to the Spanish government, soon after the signing of the treaty, without awaiting the ratification of it by the Senate. I am encouraged to make this suggestion, by the example of Mr. Jefferson, previous to the purchase of Louisiana. Fearing that he might not, in the view of the acquisition of territory from Mexico, [illegible] the whole subject to Congress, and commend it to their careful consideration.

I repeat the recommendation in my message of December last, in favor of an appropriation to be paid to the Spanish government for the purpose of distribution among the claimants in the Amistad case. President Polk first made a similar recommendation in December 1846, and it was repeated by my immediate predecessor in December 1853. I entertain no doubt that in fairness it is fairly due to these claimants under our treaty with Spain of the 27th October 1795, and whilst demanding justice we ought to do justice. An appropriation promptly made, for this purpose, could not fail to exert a favorable influence on our negotiation with Spain.

Our position in relation to independent States south of us on this continent and especially those within the northern boundary of Mexico as connected with our own southern boundary from ocean to ocean, and we must necessarily feel deep interest in all that concerns the well being and the fate of so near a neighbor. We have always cherished the kindest wishes for the success of that republic, and have indulged the hope that it might at last, after all its trials, enjoy peace and prosperity under a free and stable government. We have never hitherto interfered, directly or indirectly, with its internal affairs, nor is it our wish to do so. We owe to our own to protect the integrity of its territory against the hostile interference of any other power. Our geographical position, our direct interest [illegible] that concerns Mexico and our [illegible] policy in regard to the North American continent render it an [illegible] duty.

Mexico has been a scene of constant revolution almost ever since she declared her independence. One military leader after another has usurped the government, and all attempts on and the various constitutions from time to time adopted, have been set at naught almost as soon as they were proclaimed. The successive governments have afforded no adequate protection either to Mexican citizens or foreign residents, against lawless violence. Heretofore a seizure of the capital by a military chieftain has been generally followed by at least the nominal submission of the country to his rule for a brief period, but not so at the present crisis of Mexican affairs. Civil war has been raging for some time throughout the republic between the central government at the city of Mexico, which has endeavored to subvert the constitution last framed by individual power, and those who maintain the authority of that constitution. The anarchical parties each hold possession of different States of the republic, and the fortunes of war are constantly changing. Meanwhile the most reprehensible means have been employed by both parties to extort money from foreigners as well as from their own citizens to carry on this ruinous contest. The truth is, that this fine country blessed with a productive soil and benignant climate, has been reduced by civil dissension to a condition of almost hopeless anarchy and imbecility. It would be vain for this government to attempt to enforce payment in money of the claims of American citizens, now amounting to more than $[illegible] 000 000, against Mexico because she is destitute of all pecuniary means to satisfy these demands.

Our late minister was furnished with ample powers and instructions for the adjustment of all pending questions with the central government of Mexico, and he performed his duty with zeal and ability. The claims of our citizens, some of them arising out of the violation of an express provision of the treaty of Guadalupe Hidalgo, and others from gross injuries to persons as well as property, have remained unredressed and even unnoticed. Remonstrances against these grievances have been addressed without effect, to that government. Meantime, in various parts of the republic instances have been numerous of the murder, imprisonment and plunder of our citizens by different parties claiming and exercising local jurisdiction; but the central government, although repeatedly urged thereto, have made no effort either to punish the authors of these outrages or to prevent their recurrence.—No American citizen can now visit Mexico on lawful business, without imminent danger of his person and property. There is no adequate protection to either; and in this respect our treaty with that republic is almost a dead letter.

This state of affairs was brought to a crisis in May last, by the promulgation of a decree levying a contribution pro rata upon all the capital in the republic, between certain specified amounts, whether held by Mexicans or foreigners. Mr. Forsyth regarded this decree in the light of a "forced loan," formally protested against its application to his own countrymen, and advised them not to pay the contribution, but to suffer it to be forcibly exacted. Acting upon this advice, an American citizen refused to pay the contribution, and his property was seized by armed men to satisfy the amount. Not content with this the government went still further, and issued a decree banishing him from the country. Our minister immediately notified them that if this decree should be carried into execution he would feel it to be his duty to adopt "the most decided measures that belong to the powers and obligations that belong to the representative office." Notwithstanding this warning, the banishment was enforced, and Mr. Forsyth promptly announced to the government the suspension of the political relations of his legation with them, until the pleasure of his own government should be ascertained.

This Government did not regard the contribution imposed by the decree of the 15th May last to be in strictness a "forced loan," and as such prohibited by the 10th article of the treaty of 1826 between Great Britain and Mexico, to the benefits of which American citizens are entitled by treaty; yet the imposition of the contribution upon foreigners was considered an unjust and oppressive measure. Besides internal factions in other parts of the Republic were at the same time levying similar exactions upon the property of our citizens, and interrupting their commerce. There had been an entire failure on the part of our minister, to secure redress for the wrongs which our citizens had endured, notwithstanding his persevering efforts. And from the temper manifested by the Mexican government, he had repeatedly assured us that no favorable change could be expected until the United States should "give striking evidence of their will and power to protect their citizens," and "severe chastening is the only earthly remedy for our grievances." From this statement of facts it would have been worse than idle, to direct Mr. Forsyth to retrace his steps and resume diplomatic relations with that government, and it was, therefore, deemed proper to sanction his withdrawal of the legation from the city of Mexico.

Abundant causes exists, for a resort to hostilities against the government still holding possession of the capital. Should they succeed in subduing the constitutional force, all reasonable hopes will then have expired of a peaceful settlement of our difficulties.

On the other hand, should the constitutional party prevail, and their authority be established over the republic, there is reason to hope that they will be animated by a less unfriendly spirit, and may grant that redress to American citizens, which justice requires so far as they may possess the means. By far this expectation, I should at once have recommended to Congress to grant the necessary power to the President to take possession of a sufficient portion of the remote and unsettled territory of Mexico to be held as a pledge until our injuries shall be redressed and our just demand satisfied. We have already exhausted every milder means of obtaining justice. In such a case, this remedy of reprisals is recognized by the law of nations not only as just in itself, but as a means of preventing actual war.

But there is another view of our relations with Mexico arising from the unhappy condition of affairs along our south western frontier, which demands immediate action. In that remote region, where there are but few white inhabitants large bands of hostile and predatory Indians roam promiscuously over the Mexican States of Chihuahua and Sonora and our adjoining Territories. The local governments of these States are perfectly helpless and are kept in a state of constant alarm by the Indians. They have not the power, if they possessed the will, even to restrain lawless Mexicans from passing the border and committing depredations on our remote settlers. A state of anarchy and violence prevails throughout that distant frontier. The laws are a dead letter, and life and property are wholly insecure. For this reason the settlement of Arizona is arrested, whilst it is of great importance that a chain of inhabitants should extend all along its southern borders, sufficient for their own protection and that of the United States mail passing to and from California. Well founded apprehensions are now entertained, that the Indians, and wandering Mexicans equally lawless, may break up the important stage and postal communication recently established between our Atlantic and Pacific possessions. This passes very near to the Mexican boundary throughout the whole length of Arizona. I can imagine no possible remedy for these evils, and no mode of restoring law and order on that remote and unsettled frontier but for the government of the United States to assume a temporary protectorate over the northern portions of Chihuahua and Sonora, and to establish military posts within the same and this I earnestly recommend to Congress. This protection may be withdrawn as soon as local governments shall be established in these Mexican States, capable of performing their duties to the United States in restraining the lawless and preserving peace along the border.

I do no doubt that this measure will be viewed in a friendly spirit by the governments and people of Chihuahua, and Sonora, as it will prove equally effectual for the protection of their citizens on that remote and lawless frontier as for citizens of the United States.

And in this connection permit me to recall your attention to the condition of Arizona. The population of that Territory numbering as is alleged, fewer than ten thousand souls are practically without a government without laws and without any regular administration of justice. Murder and other crimes are committed with impunity. This state of things calls loudly for redress; and I therefore repeat my recommendation for the establishment of a territorial government over Arizona.

The political condition of the narrow Isthmus of Central America thro' which transit routes pass, between the Atlantic and Pacific oceans, presents a subject of deep interest to all commercial nations. It is over these transits that a large proportion of the trade and travel between the European and Asiatic continents is destined to pass. To the United States these routes are of incalculable importance, as a means of communication between their Atlantic and Pacific possessions. The latter now extends throughout seventeen degrees of latitude on the Pacific coast embracing the important State of California, and the flourishing Territories of Oregon and Washington. All commercial nations, therefore, have a deep and direct interest that these communications shall be rendered secure from interruption. If an arm of the sea, connecting the two oceans penetrated through Nicaragua and Costa Rica, it could not be pretended these States would have the right to arrest or retard its navigation, to the injury of other nations. The transit by land over this narrow Isthmus occupies nearly the same position. It is a highway in which they themselves have little interest, when compared with the vast interests of the rest of the world. Whilst their rights of sovereignty ought to be respected, it is the duty of other nations to require that this important passage shall not be interrupted by the civil wars and revolutionary outbreaks which have so frequently occurred in that region. The stake is too important to be left at the mercy of rival companions, claiming to hold conflicting contracts with Nicaragua. The commerce of other nations is not to stand still and await the adjustment of such petty controversies. The government of the United States expects no more than this, and they will not be satisfied with less. They would not if they could, derive any advantage from the Nicaragua transit, not common to the rest of the world. Its neutrality and protection, for the common use of all nations, is their only object. They have no objection that Nicaragua shall demand and receive a fair compensation from the companies and individuals who may traverse the route; but they insist that it shall never be closed by an arbitrary decree of that government. If disputes arise between it and those with whom they may have entered into contracts, these must be adjusted by some fair tribunal provided for the purpose, and the route must not be closed pending the controversy. This is our whole policy and it cannot fail to be acceptable to other nations.

All these difficulties might be avoided, if, consistently with the good faith of Nicaragua, the use of this transit could be thrown open to general competition; providing at the same time for the payment of a reasonable rate to the Nicaraguan government on passengers and freight.

In August, 1852, the Accessory Transit Company made its first interoceanic trip over the Nicaraguan route, and continued in successful operation with great advantage to the public, until the 18th of February, 1856, when it was closed and the grant to this company, as well as its charter, were summarily and arbitrarily revoked by the government of President Rivas. Previous to this date, however, in 1854, serious disputes concerning the settlements of their accounts had arisen between the company and the government, threatening the interruption of the route at any moment. These the United States in vain endeavored to compose. It would be useless to narrate the various proceedings which took place between the parties, until the time when the transit was discontinued. Suffice is to say that since February, 1856, it has remained closed, greatly to the prejudice of citizens of the United States. Since that time the competition has ceased between the rival routes of Panama and Nicaragua, and, in consequence thereof, an unjust and unreasonable amount has been exacted from our citizens for the passage to and from California.

A treaty was signed on the 16th day of November, 1858, by the Secretary of State and Minister of Nicaragua, under the stipulations of which the use and protection of the transit route would have been secured, not only to the United States, but equally to all other nations. How and on what pretexts, this treaty has failed to receive the ratification of the Nicaragua government, will appear by the papers herewith communicated from the State Department. The principal objection seems to have been to the provision authorizing the United States to employ force to keep the route open, in case Nicaragua should fail to perform her duty in this respect. From the feebleness of that republic its frequent changes of government and its constant internal dissensions, this had become a most important stipulation, and one essentially necessary not only for the security of the route, but for the safety of American citizens passing and repassing to and from our Pacific possessions. Were such a stipulation embraced in a treaty between the United States and Nicaragua the knowledge of this fact would of itself most probably prevent hostile parties from committing aggressions on the route and render our actual interference for its protection necessary.

The executive government of this country, in its intercourse with foreign nations, is limited to the employment of diplomacy alone. When this fails, it can proceed no further. It cannot legitimately resort to force, without the direct authority of Congress, except in resisting and repelling hostile attacks. It would have authority to enter the territories of Nicaragua, even to prevent the destruction of the transit, and protect the lives and property of our own citizens on their passage. It is true, that on a sudden emergency of this character, the President would direct any armed force in the vicinity to march to their relief, but danger this he would act upon his own responsibility.

Under these circumstances, I earnestly recommend to Congress the passage of an act authorizing the President, under such restrictions as they may deem proper to employ the land and naval forces of the United States in preventing the transit from being obstructed or closed by lawless violence and in protecting the lives and property of American citizens travelling thereon, requiring at the same time that these forces shall be withdrawn the moment the danger shall have passed away. Without such a provision our citizens will be constantly exposed to interruption in their progress, and to lawless violence.

A similar necessity exists for the passage of such an act for the protection of the Panama and Tehuantepec routes.

In reference to the Panama route the United States, by their existing treaty with New Granada, expressly guarantee the neutrality of the Isthmus "with the view that the transit from the one to the other sea may not be interrupted or embarrassed in any future time whilst this treaty exists."

In regard to the Tehuantepec route which has been recently opened under the most favorable auspices, our treaty with Mexico of the 30th of December 1858, secures to the citizens of the United States a right of transit over it for their persons and merchandize and stipulates that neither government shall interpose any obstacle thereto. It also concedes to the United States the right to transport across the Isthmus, in closed bags, the mails of the United States not intended for distribution along the line of the communication; also, the effects of the United States government and its citizens which may be intended for transit, and not for distribution on the Isthmus, free of custom-house or other charges by the Mexican government.

The treaty stipulations with New Granada and Mexico, in addition to the considerations applicable to the Nicaraguan route, seems to require legislation for the purpose of carrying them into effect.

The injuries which have been inflicted upon our citizens in Costa Rica and Nicaragua during the last two or three years, have received the prompt attention of this government. Some of these injuries were of the most aggravated character. The transaction of Virgin Bay, in April, 1856, when a company of unarmed Americans, who were in no way connected with any belligerent conduct or party, were fired upon by the troops of Costa Rica, and numbers of them killed and wounded, was brought to the knowledge of Congress by my predecessor soon after its occurrence, and was also presented to the government of Costa Rica, for that investigation and redress which the nature of the case demanded. A similar course was pursued with reference to other outrages in these countries, some of which were hardly less aggravated in their character than the transactions at Virgin Bay.—At the time, however, when our present minister to Nicaragua was appointed, in December, 1857, no redress had been obtained for any of these wrongs, and no reply even had been received to the demands which had been made by this government upon that of Costa Rica, more than a year before.

Our minister was instructed, therefore, to loose no time in expressing to those governments the deep regret with which the President had witnessed this inattention to the just claims of the United States, and in demanding their prompt and satisfactory adjustment. Unless this demand shall be compelled with at an early day, it will only remain for this government to adopt such other measures as may be necessary, in order to obtain for itself that justice which it has in vain attempted to secure by peaceful means, from the Governments of Nicaragua and Costa Rica. While it has shown, and will continue to show the most sincere regard for the rights and honor of these republics, it cannot permit this regard to be met by an utter neglect, on their part, of what is due to the government and citizens of the United States.

Against New Granada we have long standing causes of complaint, arising out of the unsatisfied claim of our citizens upon that republic; and to these have been more recently added the outrages upon our citizens at Panama in April 1856. A treaty for the adjustment of these difficulties, was concluded by the Secretary of State and the Minister of New Granada, in September, 1857, which contained just and acceptable provisions for that purpose. This treaty was transmitted to Bogota, and was ratified by the government of New Granada, but with certain amendments. It was not however, returned to this city until after the close of the last session of the Senate, it will be immediately transmited to that body for their advice and consent; and should this be obtained, it will remove all our existing causes of complaint against New Granada on the subject of claims.

Questions have arisen between the two governments, as to the right of New Granada to levy a tonnage duty upon the vessels of the United States in its ports of the Isthmus, and to levy a passenger tax upon our citizens arriving in that country, whether with a design to remain there or to pass from ocean to ocean by the transit route; and also a tax upon the mail of the United States transported over the Panama Railroad. The government of New Granada has been informed that the United States would consider the collection of either of these taxes as an act in violation of the treaty between the two countries, and as such would be resisted by the United States.

At the same time we are prepared to discuss these questions in a spirit of amity and justice, and with a sincere desire to adjust them in a satisfactory manner. A negotiation for that purpose had already been commenced. No effort has recently been made to collect these taxes, nor is any anticipated under present circumstances.

With the empire of Brazil our relations are of the most friendly character. The production of the two countries, and especially those of an agricultural nature, are such as to invite extensive mutual exchanges. The annual quantity of American flour consumed in Brazil; whilst more than treble the amount in value of Brazilian coffee is consumed in the United States.—Whilst this is the case, a heavy duty has been levied, until very recently, upon the importation of American flour into Brazil.—I am gratified, however, to be able to inform you that in September last this has been reduced from $1 32 to about forty nine cents per barrel, and the duties on other articles of our production have been diminished in nearly the same proportion.

I regret to state that the government of Brazil still continues to levy an export duty of about 11 per cent on coffee, notwithstanding this article is admitted free from duty in the United States. This is a heavy charge upon the consumers of coffee in our country as we purchase it their settlement ought not to be longer delayed. A renewed and earnest, and I trust a successful effort, will be made by our minister to procure their final adjustment.

On the 21 of June last, Congress passed a joint resolution authorizing the President "to adopt such measures and use such force as, in his judgement may be necessary and advisable for the purpose of adjusting the differences between the United States and the republic of Paraguay, in connection with the attack on the United States steamer Water Witch, and with other measures referred to in his annual message. And on the 12th of July following, they made an appropriation to defray the expenses and compensation of a commissioner to that republic should the President deem it proper to make such an appointment.

In compliance with these enactments, I have appointed a commissioner, who has proceeded to Paraguay with full powers and instructions to settle these differences in a manner honorable and peaceful manner if this be practicable. His experience and discretion justify the hope that he may prove successful in convincing the Paraguayan government that it is due both to honor and justice that they voluntarily and promptly make atonement for the wrongs which they have committed against the United States, and indemnify our injured citizens whom they have forcibly deprived of their property.

Should our commissioner prove unsuccessful, after a sincere and earnest effort, to accomplish the object of his mission, then no alternative will remain, but the employment of force to obtain "just satisfaction" from Paraguay. In view of this contingency, the Secretary of the Navy, under my direction has been fitted out and despatched a naval force, rendezvous near Buenos Ayres, which, it is believed, will prove sufficient for the occasion. It is my earnest desire, however, that it may not be found necessary to resort to this last alternative.

When Congress met in December last, the business of the country had just been crushed, by one of these periodical revulsions, which are the inevitable consequence of our unsound and extravagant system of bank credits and inflated currency. With all the elements of national wealth in a sundance, our manufactures were suspended, our useful public and private enterprises were arrested, and thousands of laborers were deprived of employment and reduced to want. Universal distress prevailed among the commercial, manufacturing and mechanical classes. This revulsion was felt the more severely in the United States, because similar causes had produced the like deplorable effects throughout the commercial nations of Europe. All were experiencing sad reverses at the same moment. Our manufacturers everywhere suffered severely, not because of the recent reduction in the tariff of duties on imports, but because there was no demand at any price for their productions. The people were obliged to resist themselves, in their purchases, to articles of prime necessity. In the general prostration of business, iron manufacturers in different States probably suffered more than any other class, and much destitution was the inevitable consequence, among the great number of workmen who had been employed in this useful branch of our industry.—There could be no supply when there was no demand. To present an example, there could be no demand for railroad iron, after our magnificent system of railroads, extending its benefits to every portion of the Union had been brought to a dead pause. The same consequences have resulted from similar causes to many other branches of useful manufactures. It is self evident that where there is no ability to purchase manufactured articles, these cannot be sold, and consequently must cease to be produced.

No government, and especially a government of such limited a power as that of the United States, could have prevented the late revulsion. The whole commercial world seemed for years to have been rushing to this catastrophe. The same ruinous consequences would have followed in the United States, whether the duties upon foreign imports had remained as they were under the tariff of 1846, or had been raised to a much higher standard. The tariff of 1857 had no agency in the result. The general causes existing throughout the world, could not have been controled by the legislation of any particular country.

The periodical revulsions which have existed in our past history, must continue to return at intervals, so long as our unbounded system of bank credits shall prevail.—They will, however, probably be the less severe in future: because it is not to be expected, at least for many years to come, that the commercial nations of Europe, with whose interests our own are so materially involved, will expose themselves to similar calamities. But this subject was treated so much at large in my last annual message, that I shall not now pursue it further. Still, I respectfully renew the recommendation, in favor of the passage of a uniform bankrupt law, applicable to banking institutions. This is all the power over the subject which I believe, the federal government possesses. Such a law would mitigate, though it might not prevent the evil. The instinct of self-preservation might produce a wholesome restraint upon their banking business, if they knew in advance that a suspension of specie payments would inevitably produce their civil death.

But the effects of the revulsion are now slowly but surely passing away. The energy and enterprise of our citizens, with our unbounded resources, will, within the period of another year, restore a state of wholesome industry and trade. Capital has again accumulated in our large cities. The rate of interest is very low. Confidence is gradually reviving, and so soon as it is discovered that this capital can be profitably employed in commercial and manufacturing enterprises, and in the construction of railroads and other works of public and private improvement, prosperity will again smile throughout the land. It is vain, however, to disguise the fact from ourselves, that a speculative inflation in other countries whose manufactories come into competition with our own, must ever produce disastrous results to our domestic manufactures. No tariff, short of absolute prohibition, can prevent those evil consequences.

In connection with this subject, it is proper to refer to our financial condition. The same causes which have produced pecuniary distress throughout the country, have so reduced the amount of imports from foreign countries, that the revenue has proved inadequate to meet the necessary expenses of the government. To supply the deficiency, Congress, by the act of the 2nd of December 1857, authorized the issue of $20,000,000 of treasury notes, and, this proving inadequate, they authorized, by the act of June 14, 1858, a loan of $20 000 000, "to be applied to the payment of appropriations made by law."

No statesman would advise, that we should go on increasing the national debt to meet to ordinary expenses of the government.—This would be a most ruinous policy. In case of war, our credit must be our chief resource, at least for the first year, and this would be greatly impaired by having contracted a large debt in time of peace. It is our true policy, to increase our revenue so as to equal our expenditures. It would be ruinous to continue to borrow. Besides it may be proper to observe, that the incidental protection thus afforded by a revenue tariff, would at the present moment, to some extent increase the confidence of the manufacturing interests and give a fresh impulse to our reviving business. To this, surely, no person will object.

In regard to the mode of assessing and collecting duties under a strictly revenue tariff, I have long entertained and often expressed the opinion, that sound policy requires this should be done by specific duties in cases to which these can be properly applied. They are well adapted to commodities which are usually sold by weight or by measure, and which, from their nature, are of equal or of nearly equal value. Such, for example are the articles of iron of different classes, raw sugar, and foreign wines and spirits.

In my deliberate judgement, specific duties are the best, if not the only means of securing the revenue against false and fraudulent invoices, and such has been the practice adopted for this purpose by other commercial nations. Besides, specific duties would afford to the American manufacturer the incidental advantages to which he is fairly entitled under a revenue tariff. The present system is a sliding scale to his disadvantage. Under it, when prices are high and business prosperous, the duties rise in amount when he least requires their aid.—On the contrary when prices fall and he is struggling against adversity, the duties are diminished in the same proportion, greatly to his injury.

Neither would there be danger that a higher rate of duty than that intended by Congress, could be levied in the form of specific duties. It would be easy to ascertain the average value of only imported articles for a series of years, and, instead of subjecting it to an *ad valorem* duty at a certain rate per centum, to substitute in its place an equivalent specific duty.

By such an arrangement the consumer would not be injured. It is true, he might have to pay a little more duty on a given article in one year; but if so, he would pay a little less in another, and in a series of years these would counterbalance each other, and amount to the same thing, so far as his interests is concerned. This inconvenience would be trifling when contrasted with the additional security thus afforded against frauds upon the revenue, in which every consumer is directly interested.

I have thrown out these suggestions as the fruit of my own observation, to which Congress in their better judgement, will give such weight as they may justly deserve.

The report of the Secretary of the Treasury will explain in detail the operations of that department of the government. The receipts into the treasury from all sources during the fiscal year ending 30th June, 1858 including the treasury notes authorized by the act of December 23, 1857, were $70 278,869 59, which amount, with the balance of $17,710,114 27, remaining in the treasury at the commencement of the year, made an aggregate for the service of the year of $87 983 983 86.

The public expenditures during the fiscal year ending June 30, 1858, amounted to $81,585,667 76 were applied to the payment of the public debt, and the redemption of treasury notes with interests thereon, leaving in the treasury on July 1, 1858, being the commencement of the present fiscal year $6 398,316 10.

The receipts into the treasury during the first quarter of the present fiscal year, commencing the 1st July, 1858, including one-half of the loan of twenty millions of dollars with the premium upon it, authorized by the act of 14th June, 1858, were $25,230,879 46, and the estimated receipts for the remaining three quarters to the 30th June, 1859, from ordinary sources are $38,500,000, making with the balance before stated, an aggregate of $70,129,195 56.

The expenditures during the first quarter of the present fiscal year were $21,708,198 51, of which $1,010.142 37 were applied to the payment of the public debt, and the redemption of treasury notes and the interests thereon. The estimated expenditures, during the remaining three quarters to 30th June, 1859, are $52 357,698 48, making an aggregate of $74,065,896 99, being an excess of expenditure, beyond the estimated receipts into the treasury from ordinary sources, during the fiscal year to the 30th of June, 1859, of $3,935,901 43. Extraordinary means are placed by law within the command of the Secretary of the Treasury, by the re-issude of treasury notes redeemed, and by negotiating the balance of the loan authorized by the act of 14th June, 1858, to the extent of eleven millions of dollars, which if realized during the present fiscal year, will leave a balance in the treasury, on the first day of July, 1859, of $7,063 298 57.

The estimated receipts during the next fiscal year ending 30th June, 1860, are $62, 000,000, which, with the above estimated balance of $7,063,298 57, make an aggregate for the service of the next fiscal year of $69,063 298 57.

The estimated expenditures during the next fiscal year ending 30th June, 1860, are $73,139,147 46, which leaves a deficit of estimated means, compared with the estimated expenditures for that year, commencing on the 1st of July, 1859, of $4,075,849 89.

In addition to this sum, the Post Master General will require from the Treasury, for the service of the Post Office Department $3,838,728, as explained in the report of the Secretary of the Treasury, which will increase the estimated deficit on the 30th of June, 1860, to 7,914,576 89. To provide for the payment of this estimated deficiency which will be increased by such appropriations as may be made by Congress, not estimated for in the report of the Treasury Department, as well as to provide for the gradual redemption, from year to year, of the outstanding Treasury notes, the Secretary of the Treasury recommends such a revision of the present tarif as will raise the required amount. After what I have already said I need scarcely add that I concur in the opinion expressed in his report—that the public debt should not be increased by an additional loan, and would therefore strongly urge upon Congress the duty of making at their present session, the necessary provision for meeting these liabilities.

The public debt on the first of July, 1858, the commencement of the present fiscal year, was $25,155,977 66.

During the first quarter of the present year, the sum of $10,000,000 has been negociated of the loan authorized by the act of 14th of June, 1858—making the present outstanding public debt, exclusive of Treasury notes, $35,155 977 66. There was on the 1st of July, 1858, of treasury notes issued by authority of the act of December 23 1857 unredeemed, the sum of $19,754,800, making the amount of actual indebtedness, at that date, $54 910,777 66. To this will be added $10,000,000 during the present fiscal year, this being the remaining half of the loan of 20,000,000 not yet negociated.

The rapid increase of the public debt, and the necessity which exists for a modification of the tariff to meet even the ordinary expenses of the government, ought to admonish us all, in our respective spheres of duty, to the practice of rigid economy. The objects of expenditure should be limited in number, as far as this may be practicable, and the appropriations necessary to carry them into effect, ought to be disbursed under the strictest accountability. Enlightened economy does not consist in the refusal to appropriate money for constitutional purposes, essential to the defence, progress and prosperity of the republic but in taking care that none of this money shall be wasted by mismanagement, in its application to the objects designated by law.

Comparisons between the annual expenditure at the present time, and what it was ten or twenty years ago, are all altogether fallacious. The rapid increase of our country in extent and population, renders a corresponding increase of expenditure, to some extent, unavoidable. This is constantly creating new objects of expenditure, and augmenting the amount required for the old. The true questions, then, are, have these objects been unnecessarily multiplied? or, has the amount expended upon any or all of them, been larger than comports with due economy? In accordance with these principles, the heads of different executive departments of the government have been instructed to reduce their estimates for the next fiscal year, to the lowest standard consistent with the efficiency of the service, and this duty they have performed in a spirit of just economy. The estimates of the Treasury, War, Navy and Interior Departments, have each been in some degree reduced: and unless a sudden and unforseen emergency should arise, it is not anticipated that a deficiency will exist in either within the present or the next fiscal year. The Post Office Department is placed in a peculiar position, different from the other departments, and to this I shall hereafter refer.

I invite Congress to institute a rigid scrutiny to ascertain whether the expenses in all the other departments cannot be still further reduced, and I promise them all the aid in my power in pursuing the investigation.

I transmit herewith the reports made to me by the Secretaries of War, of the Navy, of the Interior, and of the Post Master General. They each contain valuable information and important recommendations, to which I invite the attention of Congress.

In my last annual message, I took occasion to recommend the immediate construction of ten small steamers of light draught, for the purpose of increasing the efficacy of the Navy. Congress conceded to the recommendation by authorizing the construction of eight of them. The progress which has been made in executing this authority, is stated in the report of the Secretary of the Navy. I concur with him in the opinion, that a greater number of this class of vessels is necessary, for the purpose of protecting in a more efficient manner the persons and property of American citizens on the high seas and in foreign countries, as well as in guarding more effectually our own coasts. I accordingly recommend the passage of an act for this purpose.

The suggestions contained in the report of the Secretary of the Interior, especially those in regard to the disposition to the public domain, the pension and bounty land system, the policy towards the Indians, and the amendment of our patent laws are worthy of the serious consideration of Congress.

The Post Office Department occupies a different position very different from that of the departments. For many years it was the policy of the government to render this a self-sustaining department; and if this cannot now be accomplished, in the present condition of the country, we ought to make as near an approach to it as may be practicable.

The Post Master General is placed in a most embarrassing position by the existing laws. He is obliged to carry these into effect. He has no alternative. He finds, however, that this cannot be done without heavy demands upon the treasury over and above what is received for postage; and these have been progressively increasing from year to year until they amounted for the last fiscal year on the 30th June, 1858, to more than four millions and a half of dollars; whilst it is estimated that for the present fiscal year they will amount to $6,290,000. These sums are exclusive of the annual appropriation of $700,000 for compensation for the mail service performed for the two houses of Congress and the other departments and the officers of the government in the transportation of free matter.

The cause of these large deficits is mainly attributable to the increased expense of transporting the mails. In 1852 the sum paid for this services was but a fraction above four millions and a quarter. Since that year it has annually increased until in 1858 it has reached more than eight millions and a quarter; and for the service of 1859 it is estimated that it will amount to more than ten millions of dollars.

The receipts of the Post Office Department can be made to approach or to equal its expenditures only by means of the legislation of Congress. In applying any remedy, care should be taken that the people shall not be deprived of the advantages which they are fairly entitled to receive from the Post Office Department.

The principle remedies recommended to the consideration of Congress by the Post-master General, are to restore the former rate of postage upon single letters to five cents, to substitute for the franking privilege the delivery to those now entitled to enjoy it, of post stamps for their correspondence, and to direct the Department, in making contracts for the transporation of the mail to confine itself to the payment of the sum necessary for this single purpose, without requiring it to be trasported in post coaches or carriages of any particular description. Under the present system, the expense to the government is greatly increased, by requiring that the mail shall be carried in such vehicles as will accommodate passengers.—This will be done without pay from the department, over all roads where the travel will remunerate the contractors.

These recommendations deserve the grave consideration of Congress.

I would again call your attention to the construction of a Pacific railroad. Time and reflection have but served to confirm me in the truth and justice of the observation which I made, on this subject, in my last annual message, to which I beg leave respectfully to refer.

It is freely admitted, that it would be in expedient for this government to exercise the power of constructing the Pacific railroad by its own immediate agents. Such a policy would increase the patronage of the executive to a dangerous extent, and introduce a system of jobbing and corruption, which no vigilance on the part of federal officials, could either prevent or detect. This can only be done by the keen eye, and active and careful supervision, of individual and private interest. The construction of this road ought, therefore, to be committed to companies incorporated by the States, or other agencies where pecuniary interests would be directly involved. Congress might then assist them in the work by grants of land or money, or both, under such conditions and restrictions as would secure the transportation of troops and munitions of war free from any charge, and that of the United States mail at a fair and reasonable price.

The progress of events since the commencement of your last session has shown how soon difficulties disappear before a firm and determined resolution. At that time such a road was deemed by wise and patriotic men to be a visionary project. The great distance to be overcome, and the intervening mountains and deserts in the way, were obstacles which, in the opinion of many, could not be surmounted. Now, after a lapse of but a single year, these obstacles, it has been discovered, are far less formidable than they were supposed to be, and mail stages, with passengers, now pass and repass regularly, twice in each week, by a common wagon road between San Francisco and St. Louis and Memphis, in less than twenty five days. The service has been as regularly performed as it was, in former years, between New York and this city.

Whilst disclaiming all authority to appropriate money for the construction of the road, except that derived from the war-making power of the constitution, there are important collateral considerations urging us to undertake the work as speedily as possible.

The first and most momentous of these is, that such a road would be a powerful bond of union between the States east and west of the Rocky Mountains. This is so self-evident as to require no illustration.

But again, in a commercial point of view, I consider this the great question of the day. With the eastern shore of our republic stretching along the Atlantic, and its western front along the Pacific, if all the parts should be united by a safe, easy and rapid intercommunication, we must necessarily command a very large portion of the trade both of Europe and Asia.

Our recent treaties with China and Japan have open these rich and populous empires to our commerce, and the history of the world proves that the nation which has gained possession of the trade with Eastern Asia has always become wealthy and powerful. The peculiar geographical position of California and our Pacific possessions invites American capital and enterprise into this fruitful field. To reap the rich harvest, however, it is an indispensable prerequisite, that we shall first have a railroad to convey and circulate its produce throughout every portion of the Union. Besides such a railroad through our temperate latitude which would not be impeded by the frosts and snows of winter, nor by the trophical heats of summer, would attract to itself much of the travel and trade of all nations passing between Europe and Asia.

On the 21st of August last, Lieut J. N. Maffit, of the United States brig Dolphin, captured the slaver "Echo," (formerly the Putnam of New Orleans,) near Kay Verde, on the coast of Cuba, with more than three hundred African negroes on board. The prize, under the command of Lieut Bradford of the United States navy, arrived at Charleston on the 27th August, when the negroes, three hundred and six in number, were delivered into the custody of the United States Marshal for the district of South Carolina. They were first placed in Castle Pickney, and afterwards in Fort Sumpter, for safe keeping, and were detained there until the 19th September, when the survivors two hundred and seventy-one in number, were delivered on board the United States steamer Niagara, to be transported the coast of Africa, under the charge of the agent of the United States, pursuant to the provisions of the act of the 3d March, 1819 "in addition to the acts prohibiting the slave trade."

Under the 2d section of this act, the President is "authorized to make such regulations and arrangements as he may deem expedient, for the safe keeping, support, and removal beyond the limits of the United States, of all such negroes mulattoes, or persons of color" captured by vessels of the United States, as may be delivered to the marshal of the district into which they are brought "and to appoint a proper person or persons residing upon the coast of Africa, as agent or agents for receiving the negroes, mulattoes or persons of color, delivered from on board vessels seized in the prosecution of the slave trade by commanders of the United States armed vessels."

A doubt immediately arose as to the true construction of this act. It is quite clear from its terms that the President was authorized to provide "for the safe-keeping, support, and removal" of these negroes up till the time of their delivery to the agent on the coast of Africa, but no express provision was made for their protection and support after they had reached the place of their destination. Still, an agent was to be appointed to receive them in Africa; and it could not have been supposed that Congress intended he should desert them at the moment they were received, and turn them loose upon that inhospitable coast to perish for want of food, or to become again the victims of the slave trade. Had this been the intention of Congress, the employment of an agent to receive them, who is required to reside on the coast, was unnecessary, and they might have been landed by our vessels anywhere in Africa, and left exposed to the sufferings and the fate which would certainly await them.

Mr Monroe in his special message of 17th December, 1819, at the first session after the act was passed, announcing to Congress what, in his opinion, was its true construction. He believed it to be his duty, under it, to follow these unfortunates into Africa, and make provision for them there, until they should be able to provide for themselves. In communicating this interpretation of the act of Congress, he stated that some doubt had been entertained as to its true intent and meaning and he submitted the question to them, so that they might "should it be deemed advisable, amend the same before further proceedings are had under it."

Nothing was done by Congress to explain the act, and Mr. Monroe proceeded to carry it into execution according to his own interpretation.—This, then, became the practical construction.—When the Africans from on board the Echo were delivered to the Marshall at Charleston it became my duty to consider what disposition ought to be made of them under the law. For many reasons it was expedient to remove them from that locality as speedily as possible.

Although the conduct of the authorities and citizens of Charleston in giving countenance to the execution of the law, was just what might have been expected from their high character, yet a prolonged continuance of three hundred Africans in the immediate vicinity of that city, could not have failed to become a source of inconvenience and anxiety to its inhabitants. Where to send them, was the question. There was no portion of the coast of Africa, to which they