...ary, where troops may be required. Owing ...the large extent of territory to these purposes, the ...ed force required for the ...is as great as ever, and their desire; ...declaration have not yet ...exhausted. Notwithstanding the cessation of the hos...tions, the ...western ...preserve military establishment to ...Exigencies, so our peaceful relations remain undisturbed.

Of the amount of military contributions to ...Jarod in Mexico, the sum of $703,500 was ...plied towards the payment of the first instalment due under the treaty with Mexico. The further sum of $316,999 39 has been paid into the treasury, leaving $386,500 61 yet to be collected. The funds ...engaged in the collection of these moneys, after the proclamation of peace, now further disbursements were made of any unexpended money arising from this source. The balances on hand were directed to be paid into the Treasury, and individual claims, on the fund will remain unadjusted until Congress shall authorize their settlement and payment. These claims are not considerable in number or amount.

I recommend to your favorable consideration the suggestions of the Secretary of War and the Secretary of the Navy, in regard to legislation on this subject.

Our Indian relations are presented in the most favorable view in the report from the War Department. The wisdom of our policy in regard to the tribes within our limits, is clearly manifested by their improved and rapidly improving condition.

A most important treaty with the Menomonees has been recently negotiated with different Indian tribes, and at a cost of $1,842,000; Indian lands to the amount of more than eighteen millions five hundred thousand acres have been ceded to the United States; and provision has been made for settling in the country west of the Mississippi the tribes which occupied this large extent of the public domain. The title to all the Indians lands within the several States of our Union, with the exception of a few small reservations, is now extinguished, and a vast region opened for settlement and cultivation.

The accompanying report of the Secretary of the Navy gives a satisfactory exhibit of the operations and condition of that branch of the public service.

A number of small vessels, suitable for entering the mouths of rivers, were judiciously purchased during the war, and gave great efficiency to the Squadron in the Gulf of Mexico. On the return of peace, when no longer suitable for the service, and unable to constant deterioration. they were sold, and the money placed in the Treasury.

The number of men in the Naval service, authorised by law during the war, has been reduced by discharges below the maximum fixed for the peace establishment. Adequate Squadrons are maintained, in the several quarters of the globe where experience has shown their services may be most usefully employed; and the Navy, in a condition of higher discipline or greater efficiency.

I invite attention to the recommendation of the Secretary of the Navy on the subject of the Marine Corps. The reduction of the corps at the end of the war required that four officers of each of the three lower grades should be dropped from the rolls. A board of officers made the selection; and those designated were accordingly dismissed, but without any alleged fault. I concur in opinion with the Secretary, that the service would be improved by reducing the number of landsmen, and increasing the Marines. Such a measure would justify an increase of the number of officers to the extent of the reduction by dismissal, and still the corps would have fewer officers than a corresponding number of men in the army. The contracts for the transmission of the mail in steamships, convertible into War-steamers, promise to realize all the benefits to our commerce, and to the Navy which were anticipated by the law under which they were established. The first steamer thus secured to the government was launched in January, 1847. There are now seven; and in another year there will probably be not less than seventeen afloat. While this great national advantage is secured, our civil and commercial intercourse is increased and promoted with Germany, Great Britain and other parts of Europe, with all the countries of the west coast of our continent, and especially with Oregon and California, and between the Northern and Southern sections of the United States. Considerable revenue, may be expected from postages; but the connected line from Chagres, and thence across the Isthmus to Oregon and thence across the Isthmus to Oregon and thence to Vera Cruz. It promises the most happy results in cementing friendship between the two republics, and in extending reciprocal benefits to the trade and manufactures of both.

The reports of the Postmaster General will make known to you the operations of that Department, for the past year.

It is gratifying to find the revenues of the Department, under the rates of postage now established by law, so rapidly increasing. The gross amount of postage during the last fiscal year amounted to $4,371,077, exceeding the annual average receipts for the nine years immediately preceding the passage of the Act of the 3rd of March 1845, by the sum of $6,453, and exceeding the amount received for the year ending the 30th of June, 1847, by the sum of $425,184.

The expenditures for the year, excluding the sum of $94,672, allowed by Congress at its last session to induce ...iments, and including the sum of $100 500 paid for the services of the ...of steamers between Bremen and New York, amounted to $4,198,845, which is less than the amounted for the nine years previous to the Sale of 1845, by $300,748

The mail-routes, on the 30th day of June last were 163,208 miles in extent—being an increase during the last year of 9,390 miles. The mails were transmitted over them, during the same time, 41,013,579 miles; making an increase of transportation for the year of 2,124,080 miles, whilst the expense was less than that of the previous year by $4,235.

The increase in the mail service, for the last three years has been 5,978 310 miles, whilst the expenses were reduced $456,737—making an increase of service at the rate of fifteen per cent.

During the past year there have been employed, under contracts with the Post Office Department, two Ocean Steamers, in conveying the mails monthly between New York and Bremen, and one time since October last, performing semi-monthly service between Charleston and Havana; and a contract has been made for the transmission of the Pacific mails across the Isthmus from Chagres to Panama.

Under the authority given to the Secretary of the Navy, three ocean steamers have been constructed and sent to the Pacific, and are expected to enter upon the mail service between Panama and Oregon, and the intermediate points on the 1st of January next, and a fourth has been engaged by him for the service between Havana and Chagres, so that a regular monthly mail line will be kept up after that time between the United States and our Territories on the Pacific.

Notwithstanding the great increase in the mail service, should the revenue continue to increase the present year as it did in the last, there will be received near $450,000 more than the expenditures.

The considerations have satisfied the Post Master General, that, with certain modifications of the Act of 1845, the revenue may be still further increased, and a reduction of postages made to a uniform rate of five cents, without an interference with the principle, which has been constantly and properly enforced, of making that Department sustain itself.

A well digested postage system is the best means of diffusing intelligence among the people, and is of so much importance in a country so extensive as that of the United States, that I recommend to your favorable consideration the suggestions of the Postmaster General for its improvement.

Nothing can retard the onward progress of our country, and prevent us assuming and maintaining the first rank among nations, but a disregard of the experience of the past; a recurrence to an unwise public policy. We have just closed a foreign war by an honorable peace. A war rendered necessary and unavoidable in vindication of the national rights and honor. The present condition of the country is similar in some respects to that which existed immediately after the close of the war with Great Britain in 1815, and the occasion is deemed to be a proper one to take a retrospect of the measures of public policy which followed that war. There was at that period of our history a departure from our earlier policy. An enlargement of the powers of the Federal government by *construction* which obtained, was not warranted by any just interpretation of the Constitution. A few years after the close of that war a series of measures was adopted which, united and combined, constituted the "American System."

The introduction of the new policy was for a time favored by the ...ing of the country; by the heavy ...which had been contracted during the war by the dispersion of the public credit; by the deranged state of the finances and the workings of a ...ency and by commercial and pecuniary embarrassment which necessarily prevailed. These were assigned as the only causes which led to its establishment. The events of the war with Great Britain, and the embarrassments which had attended its prosecution, had left on the minds of many of our Statesmen the impression that the government was not strong enough, and that to wield its resources successfully in great emergencies, and especially in War, more power should be concentrated into the hands of the legislative, and prescribed modes of amendment of the Constitution—but by *construction*. They saw governments in the old world based upon different orders of society and so constituted as to throw the whole power of nations into the hands of a few, who taxed and controlled the many without responsibility or restraint. In that arrangement they conceived the strength of nations to consisted. There was also something fascinating in this luxury and display of the higher orders, who drew their wealth from the toil of the laboring millions. The authors of the system drew their ideas of Political Economy from what they had witnessed in Europe; and particularly in Great Britain. They had viewed the enormous wealth concentrated in a few hands, and had seen the splendour of the overgrown establishments of an aristocracy which was upheld by the restrictive policy. They forgot to look down upon the poorer classes of the English population, upon whose daily and yearly labor the great establishments they so much admired were sustained and supported. They failed to perceive that the scantily fed and half clad operatives were not only in abject poverty, but were bound in chains of oppressive servitude for the benefit of favored classes, who are the exclusive objects of the care of government.

It was not possible to reconstruct society in the United States upon the European plan. Here there was a written Constitution, by which power and duties were not recognised as existing. A system of measures was devised, calculated, if not intended, to withdraw power gradually and silently from the States, and the mass of the people, and by *construction* to approximate our form of government to the European models, substituting an aristocracy of wealth for that of orders and titles.

Without reflecting upon the dissimilarity of our institutions, and of the condition of the people and those of Europe, they came into the unwise idea of building up in the U. States, a system similar to that which they admired abroad. Great Britain had a National Bank of large capital, in whose hands was concentrated the money and financial power of the country; an institution wielding almost mighty power, and exerting vast influence upon all the operations of trade, and upon the policy of the government itself. Great Britain had an enormous public debt, and it had become a part of her public policy to regard this as a public blessing. Great Britain had also a restrictive policy which placed fetters and burdens on trade and trammelled the productive industry of the mass of the nation. By her commercial system of policy, the landlords and other property-holders were protected and enriched by the enormous taxes which were levied upon the labor of the country for their benefit.

In imitating this foreign policy the first step in establishing the new system in the United States was the creation of a National Bank. Not foreseeing the dangerous power and influence it would exercise, and the corruptions to which its ...ency was open, and by which it has been characterized from the beginning, the country, not ...the connection which it was designed to form between the Bank and the other branches of the miscalled "American System," upon the ...the embarrassments of the Treasury, and of the banks, and other causes, succeeded upon the wreck of our statesmen, who had held different and sounder views, were induced to yield their scruples, and, indeed, settled convictions in favor of its constitutionality, and gave it their sanction, as an experiment which, they vainly hoped might produce relief. It was a most unfortunate error, as the subsequent history and final catastrophe of this dangerous and costly experiment have abundantly proved. The Bank, and its numerous branches, ramified into the States, soon brought many of the active politicians and influential men, in different sections of the country, into the relation of debtor and creditor, or it held deposites, pecuniary favors, thus diffusing throughout the mass of society a great number of individuals of power and influence to give tone to public opinion, and to act in concert in cases of emergency. Exercising power far in excess of its charter, it is no longer a matter of speculation, having been displayed in numerous instances, but most signally in the political struggles of 1832-'3-'4, in opposition to the public will represented by a majority of the President.

But the Bank was but one branch of the new system. A public debt of more than $120,000,000 existed; and it is not to be disguised that many of the authors of the system did not desire that the debt should be extinguished by the public prosperity, but looked upon its continuance as no national evil. Whilst the debt existed, it furnished aliment to the National Bank, and rendered perpetual the high duties which constituted a part of the system, exceeding 7,000,000 annually. This operated in harmony with the next branch of the new system, which was a high protective tariff. This was to afford protection to favored classes, and particularly to