

usual sources of revenue have been increased by an issue of Treasury notes—of which less than eight millions of dollars, including interest and principal, will be outstanding at the end of the year—and by the sale of one of the bonds of the Bank of the United States, for \$2,254,871. The aggregate of means from these and other sources, with the balance on hand on the 1st of Jan. last, has been applied to the payment of appropriations by Congress. The whole expenditure for the year on their account, including the redemption of more than eight millions of Treasury notes, constitutes an aggregate of about fifty million of dollars, and will still leave in the Treasury the balance before stated.

Nearly eight millions of dollars of Treasury notes are to be paid during the coming year, in addition to the ordinary appropriation for the support of Government. For both these purposes, the resources of the Treasury will undoubtedly be sufficient, if the charges upon it are not increased beyond the annual estimates. No excess, however, is likely to exist; nor can the postponed installment of the surplus revenue be deposited with the States nor any considerable appropriations beyond the estimates be made, without causing a deficiency in the Treasury. The great caution, advisable at all times, of limiting appropriations to the wants of the public service, is rendered necessary at present by the prospective rapid reduction of the tariff; while the vigilant jealousy evidently excited among the people by the occurrences of the last few years, assures us that they expect from their representatives, and will sustain them in the exercise of, the most rigid economy. Much can be effected by postponing appropriations not immediately required for the ordinary public service, or for any pressing emergency; and much by reducing the expenditures where the entire and immediate accomplishment of the object in view is not indispensable.

When we call to mind the recent and extreme embarrassments produced by excessive issues of bank paper, aggravated by the unforeseen withdrawal of much foreign capital, and the inevitable derangement arising from the distribution of the surplus revenue among the States as required by Congress, and consider the heavy expenses incurred by the removal of Indian tribes; by the military operations in Florida; and on account of the unusually large appropriations made at the last two annual sessions of Congress for other objects, we have striking evidence, in the present efficient state of our finances, of the abundant resources of the country to fulfil all its obligations. Nor is it less gratifying to find that the general business of the community, deeply affected as it has been, is reviving with additional vigor, chastened by the lessons of the past, and animated by the hopes of the future. By the curtailment of paper issues; by curbing the sanguine and adventurous spirit of speculation; and by the honorable application of all available means to the fulfilment of obligations, abroad, and facility secured to all the operations of trade.

The agency of the Government in producing these results has been as efficient as its powers and means permitted. By withholding from the States the deposit of the fourth instalment, and leaving several millions at long credits with the banks, principally in one section of the country, and more immediately beneficial to it; and, at the same time, aiding the banks and commercial communities in other sections, by postponing the payment of bonds for duties to the amount of between four and five millions of dollars; by an issue of Treasury notes as a means to enable the Government to meet the consequences of their indulgences; but affording, at the same time, facilities for remittance and exchange; and by steadily declining to employ as general depositories of the public revenues, or receive the notes of all banks which refused to redeem them with specie; by these measures, aided by the favorable action of some of the banks, and by the support and co-operation of a large portion of the community, we have witnessed an early resumption of specie payments in our great commercial capital, promptly followed in almost every part of the United States. This result has been alike salutary to the true interests of agriculture, commerce, and manufactures; to public morals, respect for the laws, and that confidence between man and man which is so essential in all our social relations.

The contrast between the suspension of 1814 and that of 1837 is most striking.—The short duration of the latter; the prompt restoration of business, the evident benefits resulting from adherence by the Government to the constitutional standard of value, instead of sanctioning the suspension by the receipt of irredeemable paper; and the advantages derived from the large amount of specie introduced into the country previous to 1837, afford a valuable illustration of the true policy of the Government in such a crisis; nor can the comparison fail to remove the impression that a national bank is necessary in such emergencies. Not only were specie payments resumed without its aid, but exchanges have also been more

rapidly restored than when it existed; thereby showing that private capital, enterprise and prudence, are fully adequate to these ends. On all these points experience seems to have confirmed the views heretofore submitted to Congress. We have been saved the mortification of seeing the distresses of the community for the third time seized on to fasten upon the country so dangerous an institution; and we may also hope that the business of individuals will hereafter be relieved from the injurious effects of a continued agitation of that disturbing subject. The limited influence of a national bank in averting derangement in the exchanges of the country, or in compelling the resumption of specie payments, is now not less apparent than its tendency to increase inordinate speculation by sudden expansions and contractions; its disposition to create panic and embarrassment for the promotion of its own designs; its interference with politics, and its far greater power for evil than for good, either in regard to the local institutions or the operations of Government itself. What was, in these respects, but apprehension or opinion when a national bank was first established, now stands confirmed by humiliating experience. The scenes through which we have passed conclusively prove how little our commerce, agriculture, manufactures, or finances, require such an institution, and what dangers are attendant on its power—a power, I trust, never to be conferred by the American people upon their government, and still less upon individuals not responsible to them for its unavoidable abuses.

My conviction of the necessity of further legislative provisions for the safe keeping and disbursement of the public moneys, and my opinion in regard to the measure best adapted to the accomplishment of those objects, have been already submitted to you. These have been strengthened by recent events; and, in the full conviction that time and experience must still further demonstrate their propriety, I feel it my duty, with respectful deference to the conflicting views of others, again to invite your attention to them.

With the exception of limited sums deposited in the few banks still employed under the act of 1836, the amounts received for duties, and, with very inconsiderable exceptions, those accruing from lands also, have since, the general suspension of specie payments by the deposit banks, been kept and disbursed by the Treasurer, under his general legal powers, subject to the superintendence of the Secretary of the Treasury. The propriety of defining more specifically, and of regulating by law, the exercise of this wide scope of Executive discretion, has been already submitted to Congress.

A change in the office of collector at one of our principle ports, has brought to light a defalcation of the gravest character, the particulars of which will be laid before you in a special report from the Secretary of the Treasury. By his report and the accompanying documents, it will be seen that the weekly returns of the defaulting officer apparently exhibited, throughout, a faithful administration of the affairs entrusted to his management. It, however, now appears that he commenced abstracting the public moneys shortly after his appointment, and continued to do so, progressively increasing the amount, for the term of more than seven years, embracing a portion of the period during which the public moneys were deposited in the bank of the United States, the whole of that of the state bank deposit system, and concluding only on his retirement from office, after that system had substantially failed, in consequence of the suspension of specie payments.

The way in which this defalcation was so long concealed, and the steps taken to indemnify the United States, as far as practicable, against loss will also be presented to you. The case is one which imperatively claims the attention of Congress, and furnishes the strongest motive for the establishment of a more severe and secure system, for the safe keeping and disbursement of the public moneys than any that has heretofore existed.

It seems proper at all events, that, by an early enactment, similar to that of other countries, the application of public money by an officer of government to private uses, should be made a felony, and visited with severe and ignominious punishment. This is already, in effect, the law in respect to the mint, and has been productive of the most salutary results. Whatever system is adopted, such an enactment would be wise as an independent measure, since much of the public moneys must, in their collection and ultimate disbursement, pass twice through the hands of public officers, in whatever manner they are intermediately kept. The government, it must be admitted, has been from its commencement comparatively fortunate in this respect. But the appointing power cannot always be well advised in its selections, and the experience of every country has shown that public officers are not at all times proof against temptation. It is a duty, therefore, which the government owes, as well to the interests committed to its care, as to the officers themselves, to provide every guard against transgressions of this character that is consistent with reason and humanity. Congress cannot be too jealous of the conduct of those who are entrusted with the public money; and I shall at all times be disposed to encourage a watchful discharge of this duty. If a more direct co-operation on the part of Congress, in the supervision of the conduct of the officers entrusted with the custody

and application of the public money is deemed desirable, it will give me pleasure to assist in the establishment of any judicious and constitutional plan by which that object may be accomplished. You will, in your wisdom, determine upon the propriety of adopting such a plan, and upon the measure necessary to its effectual execution. When the late bank of the United States was incorporated, and made the depository of the public moneys, a right was reserved to Congress to inspect, at its pleasure, by a committee of that body, the books and the proceedings of the bank.

In one of the States whose banking institutions are supposed to rank amongst the first in point of stability, they are subjected to constant examination by commissioners appointed for that purpose, and much of the success of its banking system is attributed to this watchful supervision. The same course has also, in view of its beneficial operation, been adopted by an adjoining State favorably known for the care it has always bestowed on whatever relates to its financial concerns. I submit to your consideration whether a committee of Congress might not be profitably employed in inspecting, at such intervals as might be deemed proper the affairs and accounts of officers entrusted with the custody of the public moneys. The frequent performance of this duty might be made obligatory on the committee in respect to those officers who have large sums in their possession, and left discretionary in respect to others. They might report to the Executive such defalcations as were found to exist, with a view to a prompt removal from office unless the default was satisfactorily accounted for; and report, also, to Congress, at the commencement of each session, the result of their examinations and proceedings. It does appear to me that, with a subjection of this class of public officers to the general supervision of the Executive, to examinations by a committee of Congress at periods of which they should have no previous notice, and to prosecution and punishment as for felony for every breach of trust, the safe-keeping of the public moneys, under the system proposed, might be placed on a surer foundation than it has ever occupied since the establishment of the Government.

The Secretary of the Treasury will lay before you additional information containing new details on this interesting subject. To these I ask your early attention. That it should have given rise to great diversity of opinion cannot be a subject of surprise. After the collection and custody of the public moneys had been for so many years connected with and made subsidiary to, the advancement of private interests, a return to the simple and self-denying ordinances of the Constitution could not but be difficult. But time and free discussion eliciting the sentiments of the people and aided by that conciliatory spirit which have ever characterized their course on great emergencies, were relied upon for a satisfactory settlement of the question. Already has this anticipation on one important point at last—the impropriety of diverting public money to private purposes—been fully realized. There is no reason to suppose that legislation upon that branch of the subject would now be embarrassed by a difference of opinion, or fail to receive the cordial support of a large majority of our constituents. The connection which formerly existed between the Government & banks, was in reality injurious to both, as well as to the general interests of the community at large. It aggravated the disaster of trade and the derangements of commercial intercourse, and administered new excitement and additional means to wild and reckless speculations, the disappointments of which threw the country into convulsions of panic, and all but produced violence and bloodshed. The imprudent expense of bank credits, which was the natural result of the command of the revenues of the State, furnished the resources for unbounded license in every species of adventure, reduced industry from its regular and salutary occupations by the hope of abundance without labor, and deranged the social state by tempting all trades and professions into the vortex of speculation on remote contingencies.

The same wide-spreading influence impeded also the resources of the Government, curtailed its usual operations, embarrassed the fulfilment of its obligations, and seriously interfering with the execution of the laws. Large appropriations and oppressive taxes are the natural consequences of such a connection, since they increase the profits of those who are allowed to use the public funds and make it their interest that money should be accumulated and expenditures multiplied. It is, thus, that a concentrated money power is tempted to become an active agent in political affairs, and all past experience has shown on which side that influence will be arrayed. We deceive ourselves if we suppose that it will ever be found asserting and supporting the rights of the community at large, in opposition to the claims of the few.

In a Government whose distinguishing characteristic should be a diffusion and equalization of its benefits and burdens, the advantage of individuals will be augmented at the expense of the mass of the people. Nor is it the nature of combinations for the acquisition of Legislative influence to confine their interference to the single object for which they were originally formed. The temptation to extend it to other matters, is, on the contrary, not unfrequently, too strong to be resisted. The influence in the direction of public affairs, of the community at large, is, therefore, in no slight danger of

being sensibly and injuriously affected by giving to a comparatively small, but very efficient class, a direct and exclusive personal interest in so important a portion of the legislation of Congress as that which relates to the custody of the public moneys. If laws acting upon private interest cannot always be avoided, they should be confined within the narrowest limits, and left wherever possible, to the Legislatures of the States. When not thus restricted, they lead to combinations of powerful associations, foster an influence necessarily selfish, and turn the fair course of legislation to sinister ends, rather than to objects that advance public liberty, and promote the general good.

The whole subject now rests with you, I cannot but express a hope that some definite measure will be adopted at the present session.

It will not, I am sure, be deemed out of place for me here to remark, that the declaration of my views in opposition to the policy of employing banks as depositories of the Government funds, cannot justly be construed as indicative of hostility, official or personal; to those institutions; or to repeat, in this form, and in connection with this subject, opinions which I have uniformly entertained, and on all proper occasions, expressed. Though always opposed to their creation in the form of exclusive privileges, and as a State magistrate aiming by appropriate legislation to secure the community against the consequences of their occasional mismanagement, I have yet ever wished to see them protected in the exercise of rights conferred by law, and have never doubted their utility, when properly managed, in promoting the interests of trade, and, through that channel, the other interests of the community.

To the General Government they present themselves merely as State institutions, having no necessary connection with its legislation or administration. Like other State establishments, they may be used or not in conducting the affairs of Government, as public policy and the general interest of the Union may seem to require. The only safe or proper principle upon which their intercourse with the Government can be regulated, is that which regulates their intercourse with the private citizen—the conferring of mutual benefits. When the Government can accomplish a financial operation better with the aid of the banks than without, it should be at liberty to seek that aid as it would the services of a private banker, or other capitalists or agents, giving the preference to those who will serve it on the best terms. Nor can there ever exist an interest in the officers of the General Government, as such, inducing them to embarrass or annoy the State banks any more than to incur the hostility of any other class of State institutions, or of private citizens. It is not in the nature of things that hostility to those institutions can spring from this source, or any opposition to their course of business, except when they themselves depart from the objects of their creation, and attempt to usurp powers not conferred upon them, or to subvert the standard of value established by the Constitution. While opposition to their regular operations cannot exist in this quarter, resistance to any attempt to make the Government dependent upon them for the successful administration of public affairs, is a matter of duty, as I trust it ever will be of inclination, no matter from what motive or consideration the attempt may originate.

It is no more than just to the banks to say, that, in the late emergency, most of them firmly resisted the strongest temptations to extend their paper issues, when apparently sustained in a suspension of specie payments by public opinion, even though, in some cases, invited by legislative enactments. To this honorable course, aided by the resistance of the General Government, acting in obedience to the Constitution and Laws of the United States, to the introduction of an irredeemable paper medium, may be attributed, in a great degree, the speedy restoration of our currency to a sound state, and the business of the country to its wonted prosperity. The banks have but to continue in the same safe course, & be content in their appropriate sphere, to avoid all interference from the General Government, and to derive from it all the protection and benefits which it bestows on other State establishments, on the people of the States, and on the States themselves. In this, their true position, they cannot but secure the confidence and good will of the people and the Government, which they can only lose when, heaping from their legitimate sphere, they attempt to control the legislation of the country, and pervert the operations of the Government to their own purposes.

Our experience under the act passed at the last session, to grant pre-emption rights to settlers on the public lands, has as yet been too limited to enable us to pronounce with safety upon the efficacy of its provisions to carry out the wise and liberal policy of the Government in that respect. There is, however, the best reason to anticipate favorable results from its operation. The recommendations formerly submitted to you in respect to a graduation of the public lands, remain to be finally acted upon. Having found no reason to change the views then expressed, your attention to them is again respectfully requested.

Every proper exertion has been made and will be continued to carry out the wishes of Congress in relation to the tobacco trade, as indicated in the several resolutions of the House of Representatives and the legislation of the two branches. A favorable impression has, I trust, been made in the different foreign countries to which particular attention has been directed, and although we cannot hope for an early change in their policy, as in many of them a convenient and large revenue is derived from monopolies in the fabrication and sale of this article, yet, as these monopolies are really injurious to the people where they are established, and the revenue derived from them may be less injuriously and with equal facility obtained from another and a liberal system of administration, we cannot doubt that our efforts will be eventually crowned with success, if persisted in with temperate firmness, and sustained by prudent legislation.

In recommending to Congress the adoption of the necessary provisions at this session for taking the next census, or enumeration of the inhabitants of the United States, the suggestion presents itself whether the scope of the measure might not be usefully extended, by causing it to embrace authentic statistical returns of the great interests specially entrusted to, or necessarily affected by the legislation of Congress.

The accompanying report of the Secretary of War presents a satisfactory account of the state of the army, and of the several branches of the public service confided to the superintendence of that officer.

The law increasing and organizing the military establishment of the United States has been nearly carried into effect, and the army has been extensively and usefully employed during the past season.

I would again call to your notice the subjects connected with and essential to the military defenses of the country, which were submitted to you at the last session; but which were not acted upon as is supposed, for want of time. The most important of them is the organization of the militia on the maritime and inland frontiers. This measure is deemed important, as it is believed that it will furnish an effective volunteer force in aid of the regular army, and may form the basis for a general system of organization for the entire militia of the United States. The erection of a national foundry and gunpowder manufactory, and one for making small arms, the latter to be situated at some point west of the Allegheny mountains, all appear to be of sufficient importance to be again urged upon your attention.

The plan proposed by the Sec'y of War for the distribution of the forces of the United States in time of peace, is well calculated to promote regularity and economy in the fiscal administration of the service, to preserve the discipline of the troops, and to render them available maintenance of the peace and tranquility of the country. With this view, likewise, I recommend the adoption of the plan presented by that officer for the defence of the western frontier. The preservation of the lives and property of our fellow citizens who are settled upon that border country as well as the existence of the Indian population, which might be tempted by our want of preparation to rush on their own destruction and attack the white settlements, all seem to require that this subject should be acted upon without delay, and the War Department authorized to place that country in a state of complete defence against any assault from the numerous and warlike tribes which are congregated on that border.

It affords me sincere pleasure to be able to apprise you of the entire removal of the Cherokee nation of Indians to their new homes west of the Mississippi. The measures authorized by Congress at its last session with a view to the long standing controversy with them, have had the happiest effects. By an agreement concluded with them by the commanding general in that country, who has performed the duties assigned to him on the occasion with commendable energy and humanity, their removal has been principally under the conduct of their own chiefs, and they have emigrated without any apparent reluctance.

The successful accomplishment of this important object; the removal, also, of the entire Creek nation, with the exception of a small number of fugitives amongst the Seminoles in Florida; the progress already made towards a speedy completion of the removal of the Chickasaws, the Choctaws the Pottawatomies, the Ottawas, and the Chippewas, with the extensive purchases of Indian lands during the present year, have rendered the speedy and successful result of the long established policy of the Government upon the subject of Indian affairs entirely certain. The occasion is, therefore, deemed a proper one to place this policy in such a point of view as will exonerate the Government of the United States from the undeserved reproach which has been cast upon it through several successive administrations. That a mixed occupancy of the same territory, by the white and red man, is incompatible with the safety or happiness of either, is a position in respect to which there has long since ceased to be room for a difference of opinion. Reason and experience have alike demonstrated its impracticability. The bitter fruits of every attempt heretofore to overcome the barriers interposed by nature, have only been destruction, both physical and moral, to the Indian; dangerous conflicts of authority between the Federal and State Governments; and detriment to the individual prosperity of the citizen, as to the general improvement of the country.

The remedial policy, the principles of which were settled more than thirty years ago, under the administration of Mr. Jefferson, consists in an extinction, for a fair consideration, of the title to all the lands still occupied by the Indians within the States and territories of the United States, their removal to a country west of the Mississippi, much more extensive, and better adapted to their condition, than that on which they then resided; the guarantee to them by the United States, of their exclusive possession of that country forever, exempt from all intrusions by white men, with ample provisions for their security against external violence and internal dissensions, and the extension to them of suitable facilities for their advancement in civilization. This has not been the policy of particular administrations only but of each in succession since the first attempt to carry it out under that of Mr. Monroe. All have labored for its accomplishment, only with different degrees of success. The manner of its execution has, it is true, from time to time, given rise to conflicts of opinion and unjust imputations; but in respect to the wisdom and necessity of the policy itself, there has not, from the beginning, existed a doubt in the mind of any calm, judicious, disinterested friend of the Indian race, accustomed to reflection and enlightened by experience.

Occupying the double character, of contractor on his own account, and guardian of the parties contracted with, it was hardly to be expected that the dealings of the Fed-