mingled with the affairs, of individuals.—Thus arranged, although it would not give to the government that entire control over its own funds which I desire to secure to it by the plan I have proposed, it would, it must be admitted, in a great degree, accomplish one of the objects which has recommended that plan to my judgment—the separation of the fiscal concerns of the government from those of individuals or corporations.

With these observations, I recommend the whole matter to your dispassionate reflection; confidently hoping that some conclusion may be reached by your deliberations, which, on the one hand, shall give safety and stability to the fiscal operations of the Government, and be consistent, on the other, with the genius of our institutions, and with the interest and wishes of the great mass of our constituents.

It was my hope, that nothing would occur to make necessary, on this occasion, any allusion to the late National Bank. There are circumstances, however, connected with the present state of its affairs, that bear so directly on the character of the Government and the welfare of the citizens, that I should not feel myself excused in neglecting to notice them.

The charter which terminated its banking privileges on the fourth of March, 1836, continued its corporate powers two years more, for the sole purpose of closing its affairs, with authority "to use the corporate name, style and capacity, for the purpose of suits for a final settlement and liquidation of the affairs and acts of the corporation, and for the sale and disposition of their estate, real, personal and mixed, but for no other purpose, or in any other manner whatsoever." Just before the banking privileges ceased, its effects were transferred by the Bank to a new State institution, then recently incorporated, in trust, for the discharge of its debts and the settlement of its affairs. With this trustee, by authority of Congress, an adjustment was subsequently made of the large interest which the Government had in the stock of the institution. The manner in which a trust unexpectedly created upon the act granting the charter, and involving such great public interests, has been executed, would under any circumstances, be a fit subject of inquiry; but much more does it deserve your attention when it embraces the redemption of obligations to which the authority and credit of the United States have given value. The two years allowed are now nearly at an end. It is well understood that the trustee has not redeemed & cancelled the outstanding notes of the Bank, but has re-issued, and is actually re-issuing since the third of March, 1836; the notes which have been received by it to a vast amount.

According to its own official statement, so late as the first of October last, nineteen months after the banking privileges given by the charter had expired, it had under its control uncancelled notes of the late bank of the United States to the amount of twenty-seven millions five hundred and sixty one thousand eight hundred & sixty six dollars, of which six millions [illegible] eight hundred & sixty one dollars, were in actual circulation, one million four hundred and sixty eight thousand six hundred and twenty seven dollars at State bank agencies, and three millions two thousand three hundred and ninety dollars in transitu; thus showing that upwards of ten millions and a half of the notes of the old bank were then still kept outstanding.

The impropriety of this procedure is obvious: it being the duty of the trustee to cancel and not to put forth the notes of an institution, whose concerns it had undertaken to wind up. If the trustee has a right to reissue these notes now, I can see no reason why it may not continue to do so after the expiration of the two years. As no one could have anticipated a course so extraordinary, the prohibitory clause of the charter above quoted was not accompanied by any penalty or other special provision for enforcing it; nor have we any general law for the prevention of similar acts in future.

But it is not in this view of the subject alone that your interposition is required. The United States, in settling with the trustee for their stock, have withdrawn their funds from their former direct liability to the creditors of the old bank, yet notes of the institution continue to be sent forth in its name, and apparently upon the authority of the United States. The transactions connected with the employment of the bills of the old bank are of vast extent; and should they result unfortunately, the interests of individuals may be deeply compromised. Without undertaking to decide how far; or in what form, if any, the trustee could be made liable for notes which contain no obligation on its part; or the old bank, for such as are put in circulation after the expiration of its charter, and without its authority; or the Government for indemnity, in case of loss, the question still presses itself upon your consideration, whether it is consistent with duty and good faith on the part of the Government, to witness this proceeding without a single effort to arrest it.

The report of the Commissioner of the General Land Office, which will be laid before you by the Secretary of the Treasury, will show how the affairs of that office have been conducted for the past year. The disposition of the public lands is on of the most important trusts confided to Congress. The practicability of retaining the title and control of such extensive domains in the General Government, and at the time admitting the Territories embracing them into the Federal Union as coequals with the original States, was seriously doubted by many of our wisest statesmen. All feared that they would become a source of discord, and many carried their apprehensions so farfas to see in them the seeds of a future dissolution of the Confederacy. But happily our experience has already been sufficient to quiet, in a great degree, all such apprehensions.

The position at one time assumed—that the admission of new States into the Union on the same footing with the original States, was incompatible with a right of soil in the U. S., & operated as a surrender thereof, notwithstanding the terms of the compacts by which their admission was designed to be regulated, has been wisely abandoned. Whether in the new or the old States, all now agree that the right of soil to the public lands remains in the Federal Government, and that these lands constitute a common property, to be disposed of for the common benefit of all the States, old and new.

Acquiescence in this just principle by the people of the new States has naturally promoted a disposition to adopt the most liberal policy in the sale of the public lands. A policy which should be limited to the mere object of selling the lands for the greatest possible sum of money, without regard to higher considerations, finds but few advocates. On the contrary, it is generally conceded, that while the mode of disposition adopted by the Government, should always be a prudent one, yet its leading object ought to be the early settlement and cultivation of the lands sold; and that it should discountenance, if it cannot prevent, accumulation of large tracts in the same hands, which must necessarily retard the growth of the new States, or entail upon them a dependant tenantry, and its attendant evils.

A question embracing such important interests, and so well calculated to enlist the feelings of the people in every quarter of the Union, has very naturally given rise to numerous plans for the improvement of the existing system.

The distinctive features of the policy that has hitherto prevailed, are, to dispose of the public lands at moderate prices; thus enabling a greater number to enter into competition for their purchase, and accomplishing a double object of promoting their rapid settlement by the purchasers, and at the same time increasing the receipts of the Treasury; to sell for cash, thereby preventing the disturbing influence of a large mass of private citizens indebted to the Government, which they have a voice in controlling; to bring them into market no faster than good lands are supposed to be wanted for improvements, thereby preventing the accumulation of large tracts in few hands; and to apply the proceeds of the sales to the general purposes of the Government; thus diminishing the amount to be raised from the people of the States by taxation, and giving each State its portion of the benefit to be derived from this common fund in a manner the most quiet, and at the same time, perhaps the most equitable, that can be devised.

These provisions, with occasional enactments in behalf of special interests deemed entitled to the favour of the Government; have, in their execution, produced results as beneficial upon the whole as could reasonably be expected a matter so vast, so complicated, and so exciting. Upwards of seventy millions of acres have been sold, the greater part of which is believed to have been purchased for actual settlement. The population of the new States and Territories created out of the public domain, increased between 1800 and 1830 from less than sixty thousand to upwards of two millions three hundred thousand souls, constituting, at the latter period, about one fifth of the whole people of the United States. The increase since cannot be accurately known, but the whole may now be safely estimated at over three and a half millions of souls; composing nine States, the representatives of which constitute above one-third of the Senate, and over one-sixth of the House of Representatives of the United States.

Thus has been formed a body of free and independent land holders, with a rapidity unequalled in the history of mankind; and this great result has been produced without leaving any thing for future adjustment between the Government and its citizens. The system under which so much has been accomplished cannot be intrinsically bad, and with occasional modifications, to correct abuses and adapt it to changes of circumstances, may, I think, be safely trusted for the future. There is, in the management of such extensive interests, much virtue in stability; and although great and obvious improvements should not be declined, change should not be made without the fullest examination, and the clearest demonstration of their practical utility?

In the history of the past, we have an assurance that this safe rule of action will not be departed from in relation to the public lands; nor is it believed that any necessity exists for interferring with the fundamental principles of the system, or that the public mind, even in the new States, is desirous of any radical alterations. On the contrary, the general disposition appears to be, to make such modifications and additions only as will the more effectually carry out the original policy of filling our new States and Territories with an industrious and independent population.

The modification most perseveringly pressed upon Congress, which has occupied so much of its time for years past and will probably do so for a long time to come, if not sooner satisfactorily adjusted, is a reduction in the cost of such portions of the public lands as are ascertained to be unsaleable at the rate now established by law, and a graduation; according to their relative value, of the prices at which they may hereafter be sold. It is worthy of consideration whether justice may not be done to every interest in this matter, and a vexed question set at rest perhaps for ever, by a reasonable compromise of conflicting opinions. Hitherto, after being offered at public sale, lands have been disposed of at one uniform price, whatever difference there might be in their intrinsic value. The leading considerations urged in favor of the measure referred to are that in almost all the land districts, and particularly in those in which the lands have been long surveyed and exposed to sale, there are still remaining numerous and large tracts of every gradation of value, from the government price downwards, that these lands will not be purchased at the government price, so long as better can be conveniently obtained for the same amount; that there are large tracts which even the improvements of the adjacent lands will never raise to that price; and that the present uniform price, combined with their irregular value, operates to prevent a desirable compactness of settlement in the new States, and to retard the full developement of that wise policy on which our land system is founded, to the injury not only of the several States where the lands lie, but of the United States as a whole.

The remedy proposed has been a reduction of prices according to the length of time the lands have been in market, without reference to any other circumstances. The certainty that the efflux of time would not always in such cases, and perhaps not even generally, furnish a true criterion of value; and the probability that persons residing in the vicinity as the period for the reduction of prices approached, would postpone purchases they would otherwise make, for the purpose of availing themselves of the lower price with other considerations of a similar character, have hitherto been successfully urged to defeat the graduation upon time.

May not all reasonable desires upon this subject be satisfied without encountering any of the objections? All will concede the abstract principle, that the price of the public lands should be proportioned to their relative value, so far as that can be accomplished without departing from the rule heretofore observed, requiring fixed prices in cases of private entries. The difficulty of the subject seems to lie in the mode of ascertaining what that value is. Would not the safest plan be that which has been adopted by many of the States as the basis of taxation—an actual valuation of lands, and classification of them into different rates? Would it not be practicable & expedient to cause the relative value of the public lands in the old districts, which have been for a certain length of time in market, to be appraised, and classed into two or more rates below the present minimum price, by the officers now employed in this branch of the public service, or in any other mode deemed preferable, and to make those prices permanent, if, upon the coming in of the report they shall prove satisfactory to Congress? Cannot all the objects of graduation be accomplished in this way, and the objections which have hitherto been urged against it avoided? It would seem to me that such a step, with a restriction of the sales to limited quantities, and for actual improvement, would be free from all just exception.

By the exposition of the value of the lands thus furnished and promulgated, persons living at a distance would be informed of their true condition, and enabled to enter into competition with those residing in the vicinity; the means of acquiring an independent home would be brought within the reach of many who are unable to purchase at present prices; the population of the new states would be made more compact and large tracts would be sold which would otherwise remain on hand, not only would the land be brought within the means of a larger number of purchasers, but many persons possessed of greater means, would be content to settle on a larger quantity of the poorer lands, rather than emigrate further west in pursuit of a smaller quantity of better lands. Such a measure would also seem to be more consistent with the policy of the existing laws—that of converting the public domain into cultivated farms, owned by their occupants. That policy is not best promoted by sending emigration up the almost interminable streams of the West, to occupy in groups the best spots of land, leaving immense wastes behind them, and enlarging the frontier beyond the means of the Government to afford it adequate protection but in encouraging it to occupy, with reasonable denseness, the territory over which it advances, and finds its best defence in the compact front which it presents to the Indian tribes. Many of you will bring to the consideration of the subject the advantages of local knowledge and greater experience, and all will be desirous of making an early and final disposition of every disturbing question in regard to this important interest. If these suggestions shall in any degree contribute to the accomplishment of so important a result, it will afford me sincere satisfaction.

In some sections of the country, most of the public lands have been sold, and the registers and receivers have very little to do. It is a subject worthy of inquiry whether, in many cases, two or more districts may not be consolidated, and the number of persons employed in this business considerably reduced. Indeed, the time will come when it will be the true policy of the General Government as to some of the States, to transfer to them, for a reasonable equivalent, all the refuse and unsold lands, and to withdraw the machinery of the federal land offices altogether. All who take a comprehensive view of our federal system, and believe that one of its greatest excellencies consists in interfering as little as possible with the internal concerns of the States, look forward with great interest to this result.

A modification of the existing laws in respect to the prices of public lands, might also have a favorable influence on the legislation of Congress in relation to another branch of the subject. Many who have not the ability to buy at present prices, settle on those lands, with hope of acquiring from their cultivation the means of purchasing under pre-emption laws, from time to time passed by Congress. For this encroachment on the rights of the United States, they excuse themselves under the plea of their own necessities; the fact that they dispossess nobody, and only enter upon the waste domain: that they give additional value to the public lands in their vicinity, and their intention ultimately to pay the Government price. So much weight has from time to time been attached to these considerations, that Congress have passed laws giving actual settlers on the public lands a right of pre-emption to the tracts occupied by them at the minimum price.

These laws have in all instances been retrospective in their operations; but in a few years after their passage, crowds of new settlers have been found on the public lands: for similar reasons, and under like expectations, who have been indulged with the same privileges. This course of legislation tends to impair public respect for the laws of the country. Either the laws to prevent intrusion upon the public lands should be executed, or, if that should be impracticable or inexpedient, they should be modified or repealed. If the public lands are to be considered as open to be occupied by any, they should, by law be thrown open to all. That which is intended, in all instances, to be legalized, should at once be made legal, that those who are disposed to conform to the laws may enjoy at least equal privileges with those who are not. But it is not believed to be the disposition of Congress to open the public lands to occupancy without regular entries and payment of the Government price, as such a course must tend to worse evils than the credit system, which it was necessary to abolish.

It would seem, therefore, to be the part of wisdom and sound policy to remove, as far as practicable, the causes which produce intrusions upon the public lands, & then take efficient steps to prevent them in future. Would any single measure be so effective in removing all plausible grounds for those intrusions as the graduation of price already suggested? A short period of industry and economy in any part of our country would enable the poorest citizen to accumulate the means to buy him a home at the lowest prices, & leave him without apology for settling on lands not his own. If he did not, under such circumstances; he would enlist no sympathy in his favour; and the laws would be readily executed, without doing violence to public opinion.

A large portion of our citizens have seated themselves on the public lands, without authority, since the passage of the last pre-emption law, and now ask the enactment of another to enable them to retain the lands occupied, upon payment of the minimum Government price. They ask that which has been repeatedly granted before. If the future may be judged of by the past, little harm can be done to the interests of the Treasury by yielding to their request.

Upon a critical examination, it is found that lands sold at the public sales since the introduction of cash payments in 1820 have produced, on an average, the nett revenue of only six cents an acre more than the minimum Government price. There is no reason to suppose that future sales will be more productive. The Government, therefore, has no adequate pecuniary interest to induce it to drive these people from the lands they occupy, for the purpose of selling them to others.

Entertaining these views, I recommend the passage of a pre-emption law for their benefit, in connection with the preparatory steps toward the graduation of the price of the public lands, and further and more effectual provisions to prevent intrusion hereafter. Indulgence to those who have settled on these lands with expectations that past legislation would be made a rule for the future, and at the same time removing the most plausible ground on which intrusions are excused, and adopting more efficient means to prevent them hereafter, appear to me the most judicious disposition which can be made of this difficult subject. The limitations & restrictions to guard against abuses in the execution of a pre-emption law, will necessarily attract the attention of Congress; but under no circumstances is it considered expedient to authorise floating claims in any shape. They have been heretofore, and doubtless would be hereafter most prolific sources of fraud and oppression, and instead of operating to confer the favour of the Government on industrious settlers, are often used only to minister to a spirit of cupidity at the expense of the most meritorious of that class.

The accompanying report of the Secretary of War will bring to your view the state of the Army and all the various subjects confided to the superintendence of that officer.

The principal part of the Army has been concentrated in Florida with a view, and in the expectation of bringing the war in that Territory to a speedy close. The necessity of stripping the posts on the maritime and inland frontiers of their entire garrisons, for the purpose of assembling in the field an army of less than four thousand men would seem to indicate the necessity of increasing our regular forces; and the superior efficiency as well as greatly diminished expense of that description of troops recommend this measure as one of economy as well as of expediency. I refer to the report for the reasons which have induced the Secretary of War to urge the reorganization and enlargement of the staff of the Army, and of the ordnance corps, in which I fully concur.

It is not however, compatible with the interest of the people to maintain, in time of peace, a regular force adequate to the defence of our extensive frontiers. In periods of danger and alarm, we must rely principally upon a well-organized militia; and some general arrangement that will render this description of force more efficient, has long been a subject of anxious solicitude. It was recommended to the first Congress by General Washington, and has been since frequently brought to our notice, and recently its importance strongly urged by my immediate predecessor.

The provision in the Constitution that renders it necessary to adopt an uniform system of organization for the militia throughout the United States, presents an insurmountable obstacle to an efficient arrangement by the classification, heretofore proposed, and I invite your attention to the plan which will be submitted by the Secretary of War, for the organization of volunteer corps, and the instruction of militia officers, as more simple and practicable, if not equally advantageous, as a general arrangement of the whole militia of the United States.

A moderate increase of the corps, both of military and topographical engineers, has been more than once recommended by my predecessor; and my conviction of the propriety, not to say necessity, of the measure, in order to enable them to perform the various and important duties imposed upon them, induces me to repeat the recommendation.

The Military Academy continues to answer all the purposes of its establishment, and not only furnishes well educated officers to the Army, but serves to diffuse throughout the mass of our citizens individuals possessed of military knowledge, and the scientific attainments of civil and military engineering.

At present, the cadet is bound, with consent of his parents or guardians, to remain in service five years from the period of his enlistment, unless sooner discharged; thus exacting only one year's service in the Army after his education is completed. This does not appear to me sufficient. Government ought to command for a longer period the services of those who are educated at the public expense, and I recommend that the time of enlistment be extended to seven years, and the terms of the engagement strictly enforced.

The creation of a national foundry for cannon, to be common to the service of the Army and Navy of the United States, has been heretofore recommended, and appears to be required in order to place our ordnance on an equal footing with that of other countries, and to enable that branch of the service to control the prices of those articles: and graduate the supplies to the wants of the government, as well as to regulate their quality and insure their uniformity. The same reasons induce me to recommend the erection of a manufactory of gunpowder, to be under the direction of the Ordnance office.

The establishment of a manufactory of small arms west of the Alleghany mountains, upon the plan proposed by the Secretary of War, will contribute to extend throughout that country the improvements which exist in establishments of a similar description in the Atlantic States, and tend to a much more economical distribution of the armament required in the western portion of our Union.

The system of removing the Indians west of the Mississippi, commenced by Mr. Jefferson in 1804, has been steadily persevered in by every succeeding president, and may be considered the settled policy of the country. Unconnected at first with any well defined system for their improvement, the inducements held out to the Indians were confined to the greater abundance of game to be found in the west; but when the beneficial effects of their removal were made apparent, a more philanthropic and enlightened policy was adopted, in purchasing their lands east of the Mississippi. Liberal prices were given, and previsions inserted in all the treaties with them, for the application of the funds they received in exchange, to such purposes as were best calculated to promote their present welfare, and advance their future civilization. These measures have been attended thus far with the happiest results.

It will be seen, by referring to the report of the commissioners of Indian affairs, that the most sanguine expectations of the friends and promoters of this system have been realized. The Choctaws, Cherokees, and other tribes that first emigrated beyond the Mississippi, have, for the most part, abandoned the hunter state, and become cultivators of the soil. The improvement in their condition has been rapid, and it is believed that they are now fitted to enjoy the advantages of a simple form of government, which has been submitted to them and received their sanction; and I cannot too strongly urge this subject upon the attention of Congress.

Stipulations have been made with all the Indian tribes to remove them beyond the Mississippi, except with the band of the Wyandotts, the Six Nations in New York, the Menommonees, Mandans and Stockbridges in Wisconsin, and Miamies in Indiana. With all but the Menomonees, it is expected that arrangements for their emigration will be completed the present year.

The resistance which has been opposed to their removal by some of the tribes, even after treaties had been made with them to that effect, has arisen from various causes, operating differently on each of them. In most instances they have been instigated to resistance by persons to whom the trade with them and the acquisition of their annuities were important; and in some by the personal influence of interested chiefs.—These obstacles must be overcome; for the government cannot relinquish the execution of this policy without sacrificing important interests, and abandoning the tribes removing out of the Mississippi to certain destruction.

The decrease in numbers of the tribes within the limits of the states and territories has been most rapid. If they be removed, they can be protected from those associations and evil practices which exert so pernicious and destructive an influence over their destinies. They can be induced to labour, and to acquire property, & its acquisition will inspire them with a feeling of independence.

Their minds can be cultivated, and they can be taught the value of salutary and uniform laws, and be made sensible of the blessings of free government, and capable of enjoying its advantages. In the possession of property, knowledge, and a good government, free to give what direction they please to their labour, and sharers in the legislation by which their persons and the profit of their industry are to be protected and secured, they will have an ever present conviction of the importance of union, of peace among themselves, and of the preservation of amicable relations with us. The interests of the United States would also be greatly promoted by freeing the relations between the general and state governments from what has proved a most embarrassing incumbrance, by a satisfactory adjustment of conflicting titles to lands, caused by the occupation of the Indians, and by causing the resources of the whole country to be developed by the power of the state and general governments, and improved by the enterprise of a white population.

Intimately connected with this subject is the obligation of the Government to fulfil its treaty stipulations, and to protect the Indians thus assembled "at their new residence from all interruptions and disturbances from any other tribes or nations of Indians, or from any other person whatsoever," and the equally solemn obligation to guard from Indian hostility its own border settlements, stretching along a line of more than one thousand miles. To enable the Government to redeem this pledge to the Indians, and to afford adequate protection to its own citizens, will require the continual presence of a considerable regular force on the frontiers, and the establishment of a chain of permanent posts. Examinations of the country are now making, with a view to decide on the most suitable points for the erection of fortresses and other works of defence, the results of which will be presented to you by the Secretary of War at an early day, together with a plan for the effectual protection of friendly Indians, and the permanent defence of the frontier States.

By the report of the Secretary of the Navy, herewith communicated, it appears that unremitted exertions have been made at the different navy yards to carry into effect all authorized measures for the extension and employment of our naval force. The launching & preparation of the ship of the line Pennsylvania: & the complete repairs of the ships of the line Ohio, Delaware, and Columbus, may be noticed as forming a respectable addition to this important arm of our national defence. Our commerce and navigation have received increased aid and protection during the present year. Our squadrons in the Pacific and on the Brazilian station have been much increased, and that in the Mediterranean, although small, is adequate to the present wants of our commerce in that sea. Additions have been made to our squadron on the West India station, where the large force under Commodore Dallas has been most actively and efficiently employed in protecting our commerce, in preventing the importation of slaves, and in co-operating with officers of the Army in carrying on the war in Florida.

The satisfactory condition of our naval force abroad leaves at our disposal the means of conveniently providing for a home squadron, for the protection of commerce upon our extensive coast. The amount of appropriations required for such a squadron will be found in the general estimates for the naval service for the year 1838.

The naval officers engaged upon our coast survey have rendered important service to our navigation. The discovery of a new channel into the harbor of New York, through which our largest ships may pass without danger, must afford important commercial advantages to that harbor, and add greatly to its value as a naval station. The accurate survey of George's shoals off the coast of Massachusetts, lately completed, will render comparatively safe a navigation hitherto considered dangerous.

Considerable additions have been made to the number of captains, commanders, lieutenants, surgeons, and assistant surgeons, in the navy. These additions were rendered necessary, by the increased number of vessels put in commission, to answer the exigencies of our growing commerce.

Your attention is respectfully invited to the various suggestions of the Secretary for the improvement of the naval service.

The report of the Postmaster General exhibits the progress and condition of the mail service. The operations of the Post Office Department constitute one of the most active elements of our national prosperity, and it is gratifying to observe with what vigor they are conducted.—

The mail routes of the United States cover an extent of about one hundred and forty two thousand eight hundred and seventy-seven miles, having been increased about thirty seven thousand one hundred and three miles within the last two years. The annual mail transportation on these routes is about thirty six millions two hundred and twenty eight thousand nine hundred and sixty two miles, having been increased about ten millions three hundred and fifty nine thousand four hundred and seventy six miles within the same period. The number of post offices has also been increased from ten thousand seven hundred and seventy to twelve thousand and ninety nine, very few of which receive the mails less than once a week, and a large portion of them daily. Contractors and postmasters in general are represented as attending to their duties with most commendable zeal and fidelity.

The revenue of the Department, within the year ending on the thirteenth June last, was four millions one hundred and thirty-seven thousand and fifty-six dollars and fifty nine cents; and its liabilities accruing within the same time were three millions three hundred and eighty thou-

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