PRESIDENT'S MESSAGE.

To the Senate and House of Representatives of the United States.

We have continued cause for expressing our gratitude to the Supreme Ruler of the Universe for the benefits and blessings which our country, under his kind Providence, has enjoyed during the past year.—Notwithstanding the exciting scenes through which we have passed, nothing has occurred to disturb the general peace, or to derange the harmony of our political system. The great moral spectacle has been exhibited of a nation, approximating in number to 20,000,000 of people, having performed the high and important function of electing their Chief Magistrate for the term of four years, without the commission of any acts of violence, or the manifestation of a spirit of insubordination to the laws. The great and inestimable right of suffrage has been excercised by all who were invested with it, under the laws of the different States, in a spirit dictated alone by a desire, in the selection of the agent, to advance the interests of the country and to place beyond jeopardy the institutions under which it is our happiness to live. That the deepest interest has been manifested by all our countrymen in the result of the election, is not less true than highly creditable to them. Vast multitudes have assembled, from time to time, at various places, for the purpose of canvassing the merits and pretensions of those who were presented for their suffrages; but no armed soldiery has been necessary to restrain, within proper limits, the popular zeal, or to prevent violent outbreaks. A principle much more controlling was found in the love of order and obedience to the laws, which, with mere individual exceptions, every where possesses the American mind, and controls with an influence far more powerful than hosts of armed men.—We cannot dwell upon this picture without recognizing in it that deep and devoted attachment on the part of the People, to the institutions under which we live, which proclaims their perpetuity. The great objection which has always prevailed against the election, by the People, of their Chief Executive officer, has been the apprehension of tumults and disorders, which might involve in ruin the entire Government.

A security against this, is found not only in the fact before alluded to, but in the additional fact that, we live under a confederacy embracing already twenty six States; no one of which has power to control the election. The popular vote in each State is taken at the time appointed by the laws, and such vote is announced by the Electoral College, without reference to the decision of the other States. The right of suffrage, and the mode of conducting the election, is regulated by the laws of each State; and the election is distinctly federative in all its prominent features. Thus it is that unlike what might be the results under a consolidated system, riotous proceedings, should they prevail, could only effect the elections in single States, without disturbing, to any dangerous extent, the tranquility of others. The great experiment of a political confederacy—each member of which is supreme—as to all matters appertaining to its local interests, and its internal peace and happiness,—while by a voluntary compact with others, it confides to the united power of all, the protection of its citizens, in matters not domestic—has been so far crowned with complete success. The world has witnessed its rapid growth in wealth and population; and, under the guide and direction of a superintending Providence, the developments of the past may be regarded but as the shadowing forth of the mighty future. In the bright prospects of that future, we shall find, as patriots and philanthropists, the highest inducements to cultivate and cherish a love of union, and to frown down every measure or effort which may be made to alienate the States, or the People of the States, in sentiment and feeling, from each other. A rigid and close adherence to the terms of our political compact, and above all, a sacred observance of the guaranties of the Constitution, will preserve union on a foundation which cannot be shaken; while personal liberty is placed beyond hazard or jeopardy. The guarantee of religious freedom, of the freedom of the press, of the liberty of speech, of trial by jury, of the habeas corpus, and of the domestic institutions of each of the States—leaving the private citizens in the full exercise of the high and ennobling attributes of his nature and to each State the privilege which, can only be judiciously exerted by itself, of consulting the means best calculated to advance its own happiness; these are the great and important guarantees of the Constitution, which the lovers of liberty must cherish and the advocates of union must ever cultivate.

Preserving these, and avoiding all interpolations by forced construction, under the guise of an imagined expediency, upon the Constitution, the influence of our political system is destined to be as actively and as beneficially felt on the distant shores of the Pacific as it is now on those of the Atlantic Ocean. The only formidable impediments in the way of its successful expansion (time and space) are so far in the progress of modification, by the improvements of the age, as to render no longer speculative the ability of Representatives from that remote region to come up to the Capitol, so that their constituents shall participate in all the benefits of Federal legislation.—Thus it is, that in the progress of time, the inestimable principles of civil liberty will be enjoyed by millions yet unborn, and the great benefits of our system of Government be extended to now distant and unhabited regions. In view of the vast wilderness yet to be reclaimed, we may well invite the lover of freedom, of every land, to take up his abode among us, and assist us in the great work of advancing the standard of civilization, and giving a wider spread to the arts and refinements of a cultivated life. Our prayers should evermore be offered up to the Father of the Universe for his wisdom to direct us in the path of our duty, so as to enable us to consummate these high purposes.

One of the strongest objections which has been urged against confederacies, by writers on Government, is, the liability of the members to be tampered with by foreign Governments, or the People of foreign States, either in their local affairs, or in such as affected the peace of others, or endangered the safety of the whole Confederacy. We cannot hope to be entirely exempt from such attempts on our peace and safety. The United States are becoming too important in population and resources not to attract the observation of other nations.

It, therefore, may, in the progress of time, occur, that opinions entirely abstract in the States in which they may prevail, and in no degree affecting their domestic institutions, may be artfully but secretly encouraged with a view to undermine the Union. Such opinions may become the foundation of political parties, until at last the conflict of opinion, producing an alienation of friendly feeling among the People of the different States, may involve in one general destruction the happy institutions under which we live. It should ever be borne in mind, that what is true in regard to individuals is equally so in regard to States. An interference of one in the affairs of another is the fruitful source of family dissensions and neighborhood disputes; and the same cause affects the peace happiness and prosperity of States. It may be most devoutly hoped that the good sense of the American People will ever be ready to repel all such attempts, should they ever be made.

There has been no material change in in our foriegn relations since my last Annual Message to Congress. With all the Powers of Europe we continue on the most friendly terms. Indeed, it affords me much satisfaction to state, that at no former period has the peace of that enlightened and important quarter of the globe ever been apparently, more firmly established. The conviction that peace is the true policy of nations, would seem to be growing and becoming deeper amongst the enlightened every where, and there is no people who have a stronger interest in cherishing the sentiments, and adopting the means of preserving and giving it permanence than those of the United States. Amongst these, the first and most effective are, no doubt, the strict observance of justice, and the honest and punctual fulfilment of all engagements. But it is not to be forgotten that, in the present state of the world, it is no less necessary to be ready to enforce their observance and fulfilment, in reference to ourselves, than to observe and fulfil them, on our part, in regard to others.

Since the close of your last session, a negotiation has been formally entered upon between the Secretary of State and Her Britannic Majesty's Minister Plenipotiary and Envoy Extraordinary residing at Washington, relative to the rights of their respective nations in and over the Oregon territory. That negotiation is still pending. Should it, during your session, be brought to a definite conclusion, the result will be promptly communicated to Congress. I would, however, again call your attention to the recommendations contained in previous messages, designed to protect and facilitate emigration to that territory. The establishment of military posts at suitable points upon the extended line of land travel, would enable our citizens to migrate in comparative safety to the fertile regions below the falls of the Columbia, and make the provision of the existing convention for the joint occupation of the Territory by subjects of Great Britain, and the citizens of the United States, more available than heretofore to the latter. These posts would constitute places of rest for the weary emigrant where he would be sheltered securely against the danger of attack from the Indians, and be enabled to recover from the exhaustion of a long line of travel. Legislative enactments should also be made which should spread over him the ægis of our laws, so as to afford protection to his person and property when he shall have reached his distant home. In this latter respect, the British Government has been much more careful of the interests of such of her people as are to be found in that country, than the United States! She has made necessary provision for their security and protection against the acts of the viciously disposed and lawless; and her emigrant reposes in safety under the panoply of her laws. Whatever may be the result of the pending negotiation, such measures are necessary. It will afford me the greatest pleasure to witness a happy and favorable termination to the existing negotiation, upon terms compatible with the public honor, and the best efforts of the Government will continue to be directed to this end.

It would have given me the highest gratification, in this, my last annual communication to Congress, to have been able to announce to you the complete and entire settlement and adjustment of other matters in difference between the United States and the Government of Her Britannic Majesty, which were adverted to in a previous message. It is so obviously the interest of both countries, in respect to the large and valuable commerce which exists between them that all causes of complaint, however inconsiderable, should be, with the greatest promptitude, removed—that it must be regarded as a cause of regret, that any unnecessary delays should be permitted to intervene. It is true that, in a pecuniary point of view, the matters alluded to, are, altogether, insignificant in amount, when compared with the ample resources of that great nation; but they, nevertheless, —more particularly that limited class which arise under seizures and detentions of American ships on the coast of Africa, upon the mistaken supposition indulged in at the time the wrong was committed of their being engaged in the slave trade, —deeply affect the sensibilities of this Government and People. Great Britain having recognised her responsibility to repair all such wrongs, by her action in other cases, leaves nothing to be regretted upon this subject, as to all cases prior to the Treaty of Washington, than the delay in making suitable reparation in such of them as fall plainly within the principle of others which she has long since adjusted. The injury inflicted by delays in the settlement of these claims, falls with severity upon the individual claimants, and makes a strong appeal to her magnanimity and sense of justice for a speedy settlement. Other matters arising out of the construction of existing treaties, also remain unadjusted, and will continue to be urged upon her attention.

The labors of the joint commission appointed by the two Governments to run the dividing line, established by the Treaty of Washington, were, unfortunately, much delayed in the commencement of the season, by the failure of Congress, at the last session, to make a timely appropriation of funds to meet the expenses of the American party, and by other causes. The United States Commissioner, however expresses his expectation that by increased diligence and energy, the party will be able to make up for lost time.

We continue to receive assurances of the most friendly feelings on the part of all the other European powers, with each & all of whom, is it so obviously our interest to cultivate the most amicable relations.—Nor can I anticipate the occurrence of any event which would be likely, in any degree to disturb those relations. Russia, the great northern power, under the judicious sway of her Emperor, is constantly advancing in the road of science and improvement, while France, guided by the councils of her wise sovereign, pursues a course calculated to consolidate the general peace. Spain has obtained a breathing spell of some duration from the internal convulsions which have, through so many years, marred her prosperity; while Austria, the Netherlands, Prussia Belgium, and the other powers of Europe, reap a rich harvest of blessings from the prevailing peace.

I informed the two Houses of Congress in my message of December last, that instructions had been given to Mr. Wheaton, our minister at Berlin, to negotiate a treaty with the Germanic States composing the Zoll Verein, if it could be done—stipulating, as far as it was practicable to accomplish it, for a reduction of the heavy and onerous duties levied on our tobacco, and other leading articles of agricultural production; and yielding, in return, on our part, a reduction of duties on such articles the production of their industry, as should not come in competition, or but a limited one, with articles the product of our manufacturing industry.

The Executive, in giving such instructions, considered itself as acting in strict conformity with the wishes of Congress, as made known through several measures which it had adopted; all directed to the accomplishment of this important result. The treaty was, therefore, negotiated; by which essential reductions were secured in the duties levied by the Zoll Verein, on tobacco, rice and lard, accompanied by a stipulation for the admission of raw cotton free of duty. In exchange for which highly important concessions, a reduction of duties, imposed by the laws of the United States on a variety of articles; most of which were admitted free of all duty under the act of Congress commonly known as the Compromise law, and but few of which were produced in the United States, was stipulated for on our part. This treaty was communicated to the Senate at an early day of its last session, but not acted upon until near its close; when, for the want, as I am bound to presume, of full time to consider, it was laid upon the table. This procedure had the effect of virtually rejecting it, in consequence of a stipulation contained in the treaty, that its ratification should be exchanged on or before a day which had already passed. The Executive, acting upon the fair inference that the Senate did not intend its absolute rejection, gave instructions to our Minister at Berlin to re-open the negotiation, so far as to obtain an extension of time for the exchange of ratifications. I regret, however, to say that his efforts in this respect have been unsuccessful. I am nevertheless not without hope that the great advantages which were intended to be secured by the treaty may yet be realized.

I am happy to inform you that Belgium has, by an "arrete royale," issued in July last, assimilated the flag of the United States to her own, so far as the direct trade between the two countries is concerned.—This measure will prove of great service to our shipping interest; the trade having heretofore been carried on chiefly in foreign bottoms. I flatter myself that she will speedily resort to a modification of her system relating to the tobacco trade, which would decidedly benefit the agriculture of the United States and operate to the mutual advantage of both countries.

No definite intelligence has yet been received from our Minister, of the conclusion of a treaty with the Chinese Empire; but enough is known to induce the strongest hopes that the mission will be crowned with success.

With Brazil our relations continue on the most friendly footing. The commercial intercourse between that growing Empire and the United States, is becoming daily of greater importance to both; and it is the interest of both that the firmest relations of amity and good will should continue to be cultivated between them.

The Republic of New Granada still withholds, notwithstanding the most persevering efforts have been employed by our Charge d'Affaires, Mr. Blackford, to produce a different result, indemnity in the case of the brig "Morris." And the Congress of Venezuela, although an arrangement has been effected between our Minister and the Minister of Foreign Affairs of that Government, for the payment of $18,-000, in discharge of its liabilities in the same case, has altogether neglected to make provision for its payment. It is to be hoped that a sense of justice will soon induce a settlement of these claims.

Our late Minister to Chili, Mr. Pendleton, has returned to the United States, without having effected an adjustment in the second claim of the Macedonian, which is delayed on grounds altogether frivolous and untenable. Mr. Pendleton's successor has been directed to urge the claim in the strongest terms: and, in the event of a failure to obtain a permanent adjustment, to report the fact to the Executive at as early a day as possible, so that the whole matter may be communicated to Congress.

At your last session, I submitted to the attention of Congress, the Convention with the Republic of Peru, of the 17th of March, 1841, providing for the adjustment of the claims of citizens of the United States against that Republic; but no definitive action was taken upon the subject. I again invite to it your attention and prompt action.

In my last annual message, I felt it to be my duty to make known to Congress, in terms both plain and emphatic, my opinion in regard to the war which has so long existed between Mexico and Texas; which since the battle of San Jacinto has consisted altogether of predatory incursions, attended by circumstances revolting to humanity. I repeat now what I then said, that, after eight years of feeble and ineffectual efforts to recover Texas, it was time that the war should have ceased. The United States had a direct interest in the question. The contiguity of the two nations to our territory was but too well calculated to involve our peace. Unjust suspicions were engendered in the minds of one or the other of the belligerents against us, and as a necessary consequence, American interests were made to suffer, and our peace became daily endangered. In addition to which, it must have been obvious to all that the exhaustion produced by the war subjected both Mexico and Texas to the interference of other powers; which, without the interposition of this Government, might eventuate in the most serious injury to the United States.—This Government from time to time exerted its friendly offices to bring about a termination of hostilities upon terms honorable alike to both the belligerents. Its efforts in this behalf proved unavailing. Mexico seemed, almost without an object; to persevere in the war, and no other alternative was left the Executive but to take advantage of the well known dispositions of Texas, and to invite her to enter into a treaty for annexing her territory to that of the United tates.

Since your last session, Mexico has threatened to renew the war, and has either made, or proposes to make, formidable preparations for invading Texas. She has issued decrees and proclamations, preparatory to the commencement of hostilities, full of threats, revolting to humanity; and which, if carried into effect, would arouse the attention of all Christendom. This new demonstration of feeling, there is too much reason to believe, has been produced in consequence of the negotiation of the late treaty of annexation with Texas. The Executive, therefore, could not be indifferent to such proceedings; and it felt it to be due, as well to itself as to the honor of the country, that a strong representation should be made to the Mexican Government upon the subject. This was accordly done; as will be seen by the copy of the accompanying despatch from the Secretary of State to the United States Envoy at Mexico. Mexico has no right to jeopard the peace of the world by urging any longer a useless and fruitless contest. Such a condition of things would not be tolerated on the European continent. Why should it be on this? A war of desolation, such as is now threatened by Mexico, cannot be waged without involving our peace and tranquillity. It is idle to believe that such a war could be looked upon with indifference by our own citizens, inhabiting adjoining States; and our neutrality would be violated, in spite of all efforts on the part of the Government to prevent it. The country is settled by emigrants from the United States, under invitations held out to them by Spain and Mexico. Those emigrants have left behind them friends and relatives who would not fail to sympathise with them in their difficulties, and who would be led by those sympathies to participate in their struggles, however energetic the action of Government to prevent it. Nor would the numerous and formidable bands of Indians, the most warlike to be found in any land, which occupy the extensive regions contiguous to the States of Arkansas and Missouri, and who are in possession of large tracts of country within the limits of Texas, be likely to remain passive. The inclination of those numerous tribes leads them invariably to war whenever pretexts exist.

Mexico had no just ground of displeasure against this Government or People for negotiating the treaty. What interest of hers was effected by the treaty? She was despoiled of nothing, since Texas was forever lost to her. The independence of Texas was recognised by several of the leading Powers of the earth. She was free to treat—free to adopt her own line of policy—free to take the course which she believed was best calculated to secure her happiness. Her Government and People decided on annexation to the United States; and the Executive saw, in the acquisition of such a territory, the means of advancing their permanent happiness and glory. What principle of good faith then was violated? what rule of political morals trampled under foot? So far as Mexico herself was concerned, the measure should have been regarded by her as highly beneficial. Her inability to reconquer Texas had been exhibited, I repeat, by eight—now nine—years of fruitless and ruinous contest. In the meantime, Texas has been growing in population and resources. Emigration has flowed into her territory, from all parts of the world, in a current which continues to increase in strength.—Mexico requires a permanent boundary between that young republic and herself.—Texas, at no distant day, if she continues separate and detached from the United States, will inevitably seek to consolidate her strength by adding to her domain the contiguous provinces of Mexico. The spirit of revolt from the control of the Central Government has, heretofore, manifested itself in some of those provinces; and it is fair to infer that they would be inclined to take the first favorable opportunity to proclaim their independence, and to form close alliances with Texas. The war would thus be endless, or, if cessations of hostilities should occur, they would only endure for a season.

The interests of Mexico, therefore, could in nothing be better consulted than in a peace with her neighbours, which would result in the establishment of a permanent boundary. Upon the ratification of the treaty, the Executive was prepared to treat with her on the most liberal basis. Hence the boundaries of Texas were left undefined by the treaty. The Executive proposed to settle these upon terms that all the world should have pronounced just and reasonable. No negotiation upon that point could have been undertaken between the United States and Mexico, in advance of the ratification of the treaty. We should have had no right—no power—no authority, to have conducted such a negotiation; and to have undertaken it would have been an assumption equally revolting to the pride of Mexico and Texas, and subjecting us to the charge of arrogance: while to have proposed in advance of annexation to satisfy Mexico for any contingent interest she might have in Texas, would have been to have treated Texas, not as an independent power, but as a mere dependency of Mexico. This assumption could not have been acted on by the Executive, without setting at defiance your own solemn declaration that that Republic was an independent State. Mexico had, it is true threatened war against the United States, in the event the Treaty of Annexation was ratified. The Executive could not permit itself to be influenced by this threat. It represented in this the spirit of the People, who are ready to sacrifice much for peace, but nothing to intimidation. A war, under any circumstances, is greatly to be deplored, and the United States is the last nation to desire it; but if, as the condition of peace, it be required of us to forego the unquestionable right of treating with an independent power, of our own Continent, upon matters highly interesting to both and that upon a naked and unsustained pretension of claim by a third power, to control the free will of a power with whom we treat—devoted as we may be to peace, and anxious to cultivate friendly relations with the whole world, the Executive does not hesitate to say that, the People of the United States would be ready to brave all consequences sooner than submit to such condition.

But no apprehension of war was entertained by the Executive; and I must express frankly the opinion that had the Treaty been ratified by the Senate, it would have been followed by a prompt settlement, to the entire satisfaction of Mexico, of every matter in the difference between the two countries. Seeing then that new preparations for hostile invasion of Texas were about to be adopted by Mexico, and that these were brought about because Texas had adopted the suggestions of the Executive upon the subject of Annexation, it could not passively have folded its arms and permitted a war, threatened to be accompanied by every act that could mark a barbarous age, to be waged against her, because she had done so.

Other considerations of a controlling character influenced the course of the Executive. The treaty which had thus been negotiated, had failed to receive the ratification of the Senate. One of the chief objections which were urged against it, was found to consist in the fact that the question of annexation had not been submitted to the ordeal of public opinion in the United States. However untenable such an objection was esteemed to be, in view of the unquestionable power of the Executive to negotiate the treaty, and the great and lasting interests involved in the question, I felt it to be my duty to submit the whole subject to Congress as the best expounders of popular sentiment. No definitive action having been taken on the subject by Congress the question referred itself directly to the decision of the States and the People. The great popular election which has just terminated, afforded the best opportunity of ascertaining the will of the States and the People upon it. Pending that issue, it became the imperative duty of the Executive to inform Mexico that the question of annexation was still before the American People, and that, until their decision was pronounced, any serious invasion of Texas would be regarded as an attempt to forestall their judgment, and could not be looked upon with indifference. I am happy to inform you that no such invasion has taken place, and I trust that, whatever your action may be upon it, Mexico will see the importance of deciding the matter by a resort to peaceful expedients, in preference to those of arms. The decision of the People and the States on this great and interesting subject, has been decisively manifested. The question of annexation has been presented nakedly to their consideration. By the treaty itself, all collateral and incidental issues, which were calculated to divide and distract the public councils, were carefully avoided.—These were left to the wisdom of the future to determine. It presented, I repeat, the isolated question of annexation; and in that form it has been submitted to the ordeal of public sentiment. A controlling majority of the People, and a large majority of the States, have declared in favor of immediate annexation. Instructions have thus come up to both branches of Congress from their respective constituents, in terms the most emphatic. It is the will of both the People and the States, that Texas shall be annexed to the Union promptly and immediately. It may be hoped that, in carrying into execution the public will, thus declared, all collateral issues may be avoided. Future Legislatures can best decide as to the number of States which should be formed out of the territory, when the time has arrived for deciding that question. So with all others. By the treaty the United States assumed the payment of the debts of Texas, to an amount not exceeding $10,000,000, to be paid, with the exception of a sum falling short of $400,000, exclusively out of the proceeds of the sales of her public lands. We could not, with honor, take the lands, without assuming the full payment of all incumbrances upon them. Nothing has occurred since your last session to induce a doubt that the dispositions of Texas remain unaltered. No intimation of an altered determination on the part of her Government and the People has been furnished to the Executive.—She still desires to throw herself under the protection of our laws, and to partake of the blessings of our federative system; while every American interest would seem to require it. The extension of our coastwise and foreign trade to an amount almost incalculable—the enlargement of the market for our manufactures—a constantly growing market for our agricultural productions—safety to our frontiers, and additional strength and stability to the Union—these are the results which would rapidly develope themselves upon the consummation of the measure of annexation. In such an event, I will not doubt but that Mexico would find her true interest to consist in meeting the advances of this Government in a spirit of amity.

Nor do I apprehend any serious complaint from any other quarter; no sufficient ground exists for such complaint. We should interfere in no respect with the rights of any other nation. There cannot be gathered from the act any design on our part to do so with their possessions on this Continent. We have interposed no impediments in the way of such acquisitions of territory, large and extensive as many of them are, as the leading powers of Europe have made, from time to time, in every part of the world. We seek no conquest made by war. No intrigue will have been resorted to, or acts of diplomacy essayed to accomplish the annexation of Texas.—Free and independent herself, she asks to be received into our Union. It is a question for our own decision whether she shall be received or not.

The two Governments having already agreed, through their respective organs, on the terms of annexation, I would recommend their adoption by Congress in the form of a joint resolution, or Act, to be perfected and made binding on the two countries, when adopted in like manner by the Government of Texas.

In order that the subject may be fully presented in all its bearings, the correspondence which has taken place, in reference to it, since the adjournment of Congress, between the United States, Texas, and Mexico, is herewith transmitted.

The amendments proposed by the Senate to the Convention concluded between the United States and Mexico on the 20th of November, 1843, have been transmitted through our Minister, for the concurrence of the Mexican Government; but, although urged thereto, no action has yet been had on the subject; nor has any answer been given which would authorize a favorable conclusion in the future.

The Decree of September, 1843, in relation to the retail trade, the order for the expulsion of foreigners, and that of a more recent date in regard to passports—all of which are considered as in violation of the treaty of Amity and Commerce between the two countries—have lead to a correspondence of considerable length between the Minister for Foreign Relations and our Representative at Mexico, but without any satisfactory result. They remain still unadjusted; and many and serious inconveniences have already resulted to our citizens in consequence of them.

Questions growing out of the act of disarming a body of Texian troops under the command of Major Snively, by an officer in the service of the United States, acting under the orders of our Government; and the forcible entry into the Custom-house at Bryarly's Landing, on Red River, by certain citizens of the United States, and taking away therefrom the goods seized by the Collector of the Customs, as forfeited under the laws of Texas, have been adjusted; so far as the powers of the Executive extend. The correspondence between the two Governments in reference to both subjects, will be found amongst the accompanying documents. It contains a full statement of all the facts and circumstances, with the views taken on both sides and the principles on which the questions have been adjusted. It remains for Congress to make the necessary appropriations to carry the arrangement into effect, which I respectfully recommend.

The greatly improved condition of the Treasury, affords a subject for general congratulation. The paralysis which had fallen on trade and commerce and which subjected the Government to the necessity of resorting to loans, and the issue of Treasury notes, to a large amount, has passed away; and after the payment of upwards of $7,000,000 on account of the interest, and in redemption of more than $5,000,000 of the public debt, which falls due on the 1st of January next, and setting apart upwards of $2,000,000 for the payment of outstanding Treasury notes, & meeting an instalment of the debts of the corporate cities of the District of Columbia—an estimated surplus of upwards of $7,000,-000, over and above the existing appropriations, will remain in the Treasury at the close of the fiscal year. Should the Treasury notes continue outstanding, as heretofore, that surplus will be considerably augmented. Although all interest has ceased upon them, and the Government has invited their return to the Treasury, yet they remain outstanding; affording great facilities to commerce, and establishing the fact that, under a well regulated system of finance, the Government has resources within itself, which render it independent in time of need, not only of private loans, but also of bank facilities.

The only remaining subject of regret is, that the remaining stocks of the Government do not fall due at an earlier day; since their redemption would be entirely within its control. As it is, it may be well worthy the consideration of Congress, whether the law establishing the sinking fund—under the operation of which the debts of the Revolution and last war with Great Britain were, to a great extent, extinguished—should not, with proper modifications, (so as to prevent an accumulation of surpluses, and limited in amount to a specific sum,) be re-enacted. Such provision, which would authorize the Government to go into the market for a purchase of its own stock, on fair terms, would serve to maintain its credit at the highest point, and prevent, to a great extent, those fluctuations in the price of its securities; which might, under other cir-

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