PRESIDENT'S MESSAGE.

DEC. 4, 1838.

Gentlemen of the Senate
and of the House of Representatives:

I congratulate you on the favorable circumstances in the condition of our country, under which you re-assemble for the performance of your official duties. Though the anticipations of an abundant harvest have not every where been realized, yet, on the whole, the labors of the husbandman are rewarded with a bountiful return; industry prospers in its various channels of business and enterprise; general health again prevails through our vast diversity of climate; nothing threatens from abroad, the continuance of external peace; nor has any thing at home impaired the strength of those fraternal and domestic ties which constitute the only guaranty to the success and permanency of our happy Union, and which, formed in the hour of peril, have hitherto been honorably sustained through every vicissitude in our national affairs.—These blessings, which evince the care and beneficence of Providence, call for our devout and fervent gratitude.

We have not less reason to be grateful for other bounties, bestowed by the same munificent hand, and more exclusively our own.

The present year closes the first half century of our federal institutions; and our system—differing from all others in the acknowleged, practical, and unlimited operation which it has for so long a period given to the sovereignty of the people—has now been fully tested by experience.

The constitution devised by our forefathers as the framework and bond of that system, then untried, has become a settled form of government; not only preserving and protecting the great principles upon which it was founded, but wonderfully promoting individual happiness and private interests. Though subject to change and entire revocation, whenever deemed inadequate to all these purposes, yet such is the wisdom of its construction, and so stable has been the public sentiment that it remains unaltered, except in matters of detail, comparatively unimportant.' It has proved amply sufficient for the various emergencies incident to our condition as a nation. A formidable foreign war, agitating collisions between domestic, and, in some respects, rival sovereignties; temptations to interfere in the intestine commotions of neighboring countries; the dangerous influences that arise in periods of excessive prosperity; and the anti-republican tendencies of associated wealth—these, with other trials not less formidable, have all been encountered, and thus far successfully resisted.

It was reserved for the American Union to test the advantages of a Government dependent on the continual exercise of the popular will; and our experience has shown it as beneficent in practice as it is just in theory. Each successive change made in our local institutions has contributed to extend the right of suffrage, has increased the direct influence of the community, given greater freedom to individual exertion, and restricted, more and more, the power of Government; yet the intelligence, prudence and patriotism of the people have kept pace with this augmented responsibility. In no country has education been so widely diffused. Domestic peace has nowhere so largely reigned. The close bonds of social intercourse have in no instance prevailed with such harmony over a space so vast. All forms of religion have united, for the first time, to diffuse charity and piety, because, for the first time in the history of nations, all have been totally unentwined, and absolutely free. The deepest recesses of the wilderness have been penetrated; yet, instead of the rudeness in the social condition consequent upon such adventures elsewhere, numerous communities have sprung up, already unrivalled in prosperity, general intelligence, internal tranquility, and the wisdom of their political institutions. Internal improvement, the fruit of individual enterprise, fostered by the protection of the states, has added new links to the confederation, and fresh rewards to provident industry. Doubtful questions of domestic policy have been quietly settled by mutual forbearance; and agriculture, commerce, and manufactures, minister to each other. Taxation and public debt, the burdens which bear so heavily upon all other countries, have pressed with comparative lightness upon us. Without one entangling alliance, our friendship is prized by every nation; and the rights of our citizens are everywhere respected, because they are known to be guarded by a united, sensitive and watchful people.

To this practical operation of our institutions, so evident and successful, we owe that increased attachment to them which is among the most cheering exhibitions of popular sentiment, and will prove their best security, in time to come, against foreign or domestic assault.

This review of the results of our institutions, for half a century, without exciting a spirit of vain exultation, should serve to impress upon us the great principles from which they have sprung, constant and direct supervision by the people over every public measure; strict forbearance on the part of Government from exercising any doubtful or disputed powers; and a generous abstinence from all interference with concerns which properly belong, and are best left to State regulations and individual enterprise.

Full information of the state of our foreign affairs having been recently, on two different occasions, submitted to Congress, I deem it necessary now to bring to your notice only such events as have subsequently occurred, or are of such importance as to require particular attention.

The most amicable dispositions continue to be exhibited by all the nations with whom the Government and citizens of the United States have an habitual intercourse. At the date of my last annual message, Mexico was the only nation which could not be included in so gratifying a reference to our foreign relations.

I am happy to be now able to inform you that an advance has been made towards the adjustment of our difficulties with that Republic, and the restoration of the customary good feeling between the two nations. This important change has been affected by conciliatory negotiations, that have resulted in the conclusion of a treaty between the two Governments, which, when ratified will refer to the arbitrament of a friendly power all the subjects of controversy between us growing out of injuries to individuals. There is, at present, also reason to believe that an equitable settlement of all disputed points will be attained without further difficulty or unnecessary delay, and thus authorize the free resumption of diplomatic intercourse with our sister Republic.

With respect to the northeastern boundary of the United States, no official correspondence between this government and that of Great Britain has passed since that communication to Congress towards the close of their last session.—The offer to negotiate a convention for the appointment of a joint commission of survey and exploration, I am, however, assured will be met by her majesty's government in a conciliatory and friendly spirit, and instructions to enable the British minister here to conclude such an arrangement will be transmitted to him without needless delay. It is hoped and expected that these instructions will be of a liberal character, and that this negotiation, if successful, will prove to be an important step toward the satisfactory and final adjustment of the difficulty.

I had hoped that the respect for the laws and regard for the peace and honor of their own country, which has ever characterized the citizens of the United States, would have prevented any portion of them from using any means to promote insurrection in the territory of a power with which we are at peace, and with which the United States are desirous of maintaining the most friendly relations. I regret deeply, however, to be obliged to inform you that this has not been the case. Information has been given to me, derived from official and other sources, that many citizens of the United States have associated together to make hostile incursions from our territory into Canada, and to aid and abet insurrection there in violation of the obligations and laws of the United States, and in open disregard of their own duties as citizens. This information has been in part confirmed, by a hostile invasion actually made by citizens of the United States in conjunction with Canadians and accompanied by a forcible seizure of the property of our citizens, and an application thereof to the prosecution of military operations against the authorities and people of Canada.

The results of these criminal assaults upon the peace and order of a neighboring country have been, as was to be expected, fatally destructive to the misguided or deluded persons engaged in them, and highly injurious to those in whose behalf they are professed to have been undertaken. The authorities in Canada, from intelligence received of such intended movements among our citizens, have felt themselves obliged to take precautionary measures against them; have actually embodied the militia, and assumed an attitude to repel the invasion to which they believed the Colonies were exposed from the United States. A state of feeling on both sides of the frontier has thus been produced which called for prompt and vigorous interference. If an insurrection existed in Canada the amicable disposition of the United States towards Great Britain, as well as their duty to themselves, would lead them to maintain a strict neutrality, and to restrain their citizens from all violations of the laws which have been passed for its enforcement. But this Government recognizes a still higher obligation to repress all attempts on the part of its citizens to disturb the peace of a country where order prevails, or has been re-established. Depredations by our citizens upon nations at peace with the United States, or combinations for committing them, have at all times been recorded by the American Government and people with the greatest abhorrence. Military incursions by our citizens into countries so situated, and the commission of acts of violence on the members thereof, in order to effect a change in its government, or under any pretext whatever, have, from the commencement of our Government, been held equally criminal on the part of those engaged in them, and as much deserving of punishment as would be the disturbance of the public peace by the perpetration of similar acts within our own territory.

By no country or persons have these inviolable principles of international law—principles, the strict observance of which is so indispensable to the preservation of social order in the world—been more earnestly cherished or sacredly respected than by those great and good men who first declared, and finally established, the independence of our own country. They promulgated and maintained them at an early and critical period of our history; they were subsequently embodied in legislative enactments of a highly penal character, the faithful enforcement of which has hitherto been, and will, I trust, always continue to be, rendered as a duty inseparably associated with the maintenance of our national honor. That the people of the United States should feel an interest in the spread of political institutions as free as they regard their own to be, is natural; nor can a sincere solicitude for the success of all those who are, at any time, in good faith struggling for their acquisition, be imputed to our citizens as a crime. With the entire freedom of opinion, and an undisguised expression thereof, on their part, the Government has neither the right, nor, I trust, the disposition to interfere. But whenever the interest or the honor of the United States require, that they should be made a party to any such struggle, and, by inevitable consequence, to the war which is waged in its support, is a question which, by our Constitution, is wisely left to Congress alone to decide. It is, by the laws, already made criminal in our citizens to embrace or anticipate that decision, by unauthorized military operations on their part.—Offences of this character, in addition to their direct violations of the laws of our country, have a direct tendency to draw down upon our own citizens at large the multiplied evils of a foreign war, and expose to injurious imputations the good faith and honor of the country. As such they deserve to be put down with promptitude and decision. I cannot be mistaken, I am confident, in counting on the cordial and general concurrence of our fellow citizens in this sentiment. A copy of the proclamation which I have felt my duty to issue, is herewith communicated. I cannot but hope that the good sense and patriotism, the regard for the honor and repute of their country, the respect for the laws which they have themselves enacted for their own government, and the love of order for which the mass of our people have been so long and so justly distinguished, will deter the comparatively few who are engaged in them from a further prosecution of such desperate enterprises. In the meantime, the existing laws have been, and will continue to be faithfully executed, and every effort will be made to carry them out in their full extent.—Whether they are sufficient or not, to meet the actual state of things on the Canadian frontier, it is for Congress to decide.

It will appear from the correspondence herewith submitted that the Government of Russia declines a renewal of the fourth article of the convention of April, 1824 between the United States and the Imperial Majesty, by the third article of which it is agreed that "no settlement shall be formed by the citizens of the United States, or under the authority of the said States, any establishment upon the north-west coast of America, nor in any of the Islands adjacent, to the north of 54d 40m of north latitude and that the same shall be free to both shall be none formed by Russian subjects, or under the authority of Russia, south of the same parallels—and by the fourth article, "that, during a term of ten years, counting from the signature of the present convention, the ships of both powers, or which belong to their citizens or subjects respectively, may reciprocally frequent, without any hinderance whatever, the interior seas, gulfs, harbors, and creeks upon the coast mentioned in the preceding article, for the purpose of fishing and trading with the natives of the country." The reasons assigned for declining to renew the provisions of this article, are, briefly, that the only one made by our citizens of the privilege it secures to them has been to supply the Indians with spirituous liquors, ammunition, and fire arms; that this traffic has been excluded from the Russian trade; and as the supplies furnished from the United States are in direct opposition to Russian establishments on the north west coast, and calculated to produce complaints between the two Governments, his Imperial Majesty thinks it for the interest of both countries not to accede to the proposition made by the American Government for the renewal of the article in question.

The correspondence herewith communicated will show the grounds upon which we contend that the citizens of the United States have an independent of the provisions of the convention of 1824, a right to trade with the natives upon the coast in question, at unoccupied places, liable, however, it is admitted, to be at any time extinguished by the creation of Russian establishments at such points. This right is denied by the Russian Government, which asserts that, by the operation of the treaty of 1824, each party agreed to waive the general right to land on the vacant coast on their respective sides of the degree of latitude referred to, and accepted, in lieu thereof, the mutual privileges mentioned in the fourth article. The capital and tonnage employed by our citizens in their trade with the northwest coast of America, will, perhaps, on adverting to the official statements of the commerce and navigation of the United States for the last few years, be deemed inconsiderable in amount to attract much attention; yet the subject may, in other respects, deserve the careful consideration of Congress.

I regret to state that the Blockade of the principal ports on the eastern coast of Mexico, which, in consequence of the indifference between that Republic and France, was instituted in May last, unfortunately continues enforced by a competent French naval force, and is necessarily embarrassing to our own trade in the gulf, in common with that of other nations. Every disposition, however, is believed to exist on the part of the French Government, to render this measure as little onerous as practicable to the interests of the citizens of the United States, and to those of neutral commerce; and it is to be hoped that an early settlement of the difficulties between France and Mexico, will soon reestablish the harmonious relations formerly subsisting between them, and again open the ports of that Republic to the vessels of all friendly nations.

A convention for marking that part of the boundary between the United States and the Republic of Texas, which extends from the mouth of the Sabine to the Red river, was concluded and signed at this city on the 25th of April last. It has since been ratified by both Governments, and reasonable measures will be taken to carry it into effect on the part of the United States.

The application of that Republic for admission into the Union, made in August, 1837, and which was declined for reasons already made known to you, has been formally withdrawn, as will appear from the accompanying copy of note of the Minister Plenipotentiary of Texas, which was presented to the Secretary of State on the occasion of the exchange of the ratifications of the convention above mentioned.

Copies of the convention with Texas, of a commercial treaty concluded with the King of Greece, and a similar treaty with the Peru Bolivian Confederation, the ratifications of which have been recently exchanged, accompany this message for the information of Congress, and for such legislative enactments as may be found necessary or expedient, in relation to either of them.

To watch over and foster the interests of a gradually increasing and widely extended commerce; to guard the rights of American citizens, whom business, or pleasure, or other motives may tempt to distant climes, and at the same time to cultivate those sentiments of mutual respect and good will which experience has proved so beneficial to international intercourse, the Government of the United States has deemed it expedient from time to time, to establish diplomatic connections with different States, by the appointment of representatives to reside within their respective territories. I am gratified to be enabled to announce to you that, since the close of your last session, these relations have been opened under the happiest auspices with Austria and the Two Sicilies; that new nominations have been made in the respective missions of Russia, Brazil, Belgium, and Sweden and Norway in this country; and that a Minister Extraordinary has been received, accredited to this Government from the Argentine Confederation.

An exposition of the fiscal affairs of the Government, and their condition for the past year, will be made to you by the Secretary of the Treasury.

The available balance in the Treasury, on the 1st of January next, is estimated at $2,765,342.—The receipts of the year, for customs and lands, will probably amount to $20,605,598. These 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 first of January last, has been applied to the payment of appropriations by Congress. The whole expenditure of the year on their account, including the redemption of more than eight millions of Treasury notes, constitute an aggregate of about forty millions 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 appropriations 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 instalment 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 and 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 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 considering the heavy expenses incurred by the removal of the 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, unassisted by the issues of the past, and suitable regard to the hopes of the future. By the curtailment of paper issues by capacity, the sanguine and adventurous spirit of speculation; and by the honorable application of all available means to the fulfilment of obligations, confidence has been restored both at home and abroad, and ease and facility secured to all the operations of trade.

The agency of the Government in producing those results has been as efficient as its powers have been limited. By withholding from the States the deposite 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 withdrawing the banks and commercial community 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 means to enable the government to meet the consequences of their indulgencies, but affording at the same time facilities for remittance and exchange; and by steadily declining to employ as general depositories of the public revenue, or receive the notes of the 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 by 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; to 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 an 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 conclusion fail to cause 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 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 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 proceedings for the safe keeping and disbursement of the public moneys, and my opinion in regard to the measures best adapted to the accomplishment of these 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 amount received for duties, and, with very inconsiderable exceptions, those accruing from lands also, have, since the general suspension of specie payments by the deposite banks, been kept and disbursed by the Treasurer, under his 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 by Congress.

A change in the office of collector at one of our principal 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 the state bank deposite 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 more 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 money is usual, 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, & the experience of almost 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 against transgressions of this character, so far as 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 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 been adopted by an adjoining State favorably known for the care it has bestowed upon 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 public money. 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 delinquencies 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 money, 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 has been for so many years since 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 cleansing the sentiments of the people, and aided by that conciliatory spirit which has ever characterized their course on great emergencies, were relied upon for a satisfactory settlement of the question. A lready has this anticipation on one important point at least—the impropriety of diverting the public money to private purposes—been fully realized. There is no reason to suppose that the 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 and banks was in reality injurious to both, as well as to the general interests of the community at large. It aggravated the disastrous fluctuations 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 but all produced violence and bloodshed. The imprudent expansion 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, seduced 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 useful operation—embarrassed the fulfilment of its obligations, and seriously interfered 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 the use of 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 assisting and supporting the rights of the community at large, in opposition to the claims of the money power, when, in the ordinary course of business, it can avail itself of the public revenues, and of the facilities afforded by the possession of a large portion of the public money, to promote its ends by creating embarrassment and distress among the people, and then, as the relief which it can afford must come from the Government, and be bestowed upon its favorites, to demand, in return, the passing of laws and the appointment of rulers, favorable to its views. Such, in a country so extensive as ours, and with institutions so free as these we regard their own to be, is natural; nor can a sincere solicitude for the success of all those who are, at any time, in good faith struggling for their acquisition, be imputed to our citizens as a crime. With the entire freedom of opinion, and an undisguised expression thereof, on their part, the Government has neither the right, nor, I trust, the disposition to interfere. But whenever the interest or the honor of the United States require, that they should be made a party to any such struggle, and, by inevitable consequence, to the war which is waged in its support, is a question which, by our Constitution, is wisely left to Congress alone to decide. It is, by the laws, already made criminal in our citizens to embrace or anticipate that decision, by unauthorized military operations on their part.—Offences of this character, in addition to their direct violations of the laws of our country, have a direct tendency to draw down upon our own citizens at large the multiplied evils of a foreign war, and expose to injurious imputations the good faith and honor of the country. As such they deserve to be put down with promptitude and decision. I cannot be mistaken, I am confident, in counting on the cordial and general concurrence of our fellow citizens in this sentiment. A copy of the proclamation which I have felt my duty to issue, is herewith communicated. I cannot but hope that the good sense and patriotism, the regard for the honor and repute of their country, the respect for the laws which they have themselves enacted for their own government, and the love of order for which the mass of our people have been so long and so justly distinguished, will deter the comparatively few who are engaged in them from a further prosecution of such desperate enterprises. In the meantime, the existing laws have been, and will continue to be faithfully executed, and every effort will be made to carry them out in their full extent.—Whether they are sufficient or not, to meet the actual state of things on the Canadian frontier, it is for Congress to decide.

It will appear from the correspondence herewith submitted that the Government of Russia declines a renewal of the fourth article of the convention of April, 1824 between the United States and the Imperial Majesty, by the third article of which it is agreed that "no settlement shall be formed by the citizens of the United States, or under the authority of the said States, any establishment upon the north-west coast of America, nor in any of the Islands adjacent, to the north of 54d 40m of north latitude and that the same shall be free to both shall be none formed by Russian subjects, or under the authority of Russia, south of the same parallels—and by the fourth article, "that, during a term of ten years, counting from the signature of the present convention, the ships of both powers, or which belong to their citizens or subjects respectively, may reciprocally frequent, without any hinderance whatever, the interior seas, gulfs, harbors, and creeks upon the coast mentioned in the preceding article, for the purpose of fishing and trading with the natives of the country." The reasons assigned for declining to renew the provisions of this article, are, briefly, that the only one made by our citizens of the privilege it secures to them has been to supply the Indians with spirituous liquors, ammunition, and fire arms; that this traffic has been excluded from the Russian trade; and as the supplies furnished from the United States are in direct opposition to Russian establishments on the north west coast, and calculated to produce complaints between the two Governments, his Imperial Majesty thinks it for the interest of both countries not to accede to the proposition made by the American Government for the renewal of the article in question.

The correspondence herewith communicated will show the grounds upon which we contend that the citizens of the United States have an independent of the provisions of the convention of 1824, a right to trade with the natives upon the coast in question, at unoccupied places, liable, however, it is admitted, to be at any time extinguished by the creation of Russian establishments at such points. This right is denied by the Russian Government, which asserts that, by the operation of the treaty of 1824, each party agreed to waive the general right to land on the vacant coast on their respective sides of the degree of latitude referred to, and accepted, in lieu thereof, the mutual privileges mentioned in the fourth article. The capital and tonnage employed by our citizens in their trade with the northwest coast of America, will, perhaps, on adverting to the official statements of the commerce and navigation of the United States for the last few years, be deemed inconsiderable in amount to attract much attention; yet the subject may, in other respects, deserve the careful consideration of Congress.

I regret to state that the Blockade of the principal ports on the eastern coast of Mexico, which, in consequence of the indifference between that Republic and France, was instituted in May last, unfortunately continues enforced by a competent French naval force, and is necessarily embarrassing to our own trade in the gulf, in common with that of other nations. Every disposition, however, is believed to exist on the part of the French Government, to render this measure as little onerous as practicable to the interests of the citizens of the United States, and to those of neutral commerce; and it is to be hoped that an early settlement of the difficulties between France and Mexico, will soon reestablish the harmonious relations formerly subsisting between them, and again open the ports of that Republic to the vessels of all friendly nations.

A convention for marking that part of the boundary between the United States and the Republic of Texas, which extends from the mouth of the Sabine to the Red river, was concluded and signed at this city on the 25th of April last. It has since been ratified by both Governments, and reasonable measures will be taken to carry it into effect on the part of the United States.

The application of that Republic for admission into the Union, made in August, 1837, and which was declined for reasons already made known to you, has been formally withdrawn, as will appear from the accompanying copy of note of the Minister Plenipotentiary of Texas, which was presented to the Secretary of State on the occasion of the exchange of the ratifications of the convention above mentioned.

Copies of the convention with Texas, of a commercial treaty concluded with the King of Greece, and a similar treaty with the Peru Bolivian Confederation, the ratifications of which have been recently exchanged, accompany this message for the information of Congress, and for such legislative enactments as may be found necessary or expedient, in relation to either of them.

To watch over and foster the interests of a gradually increasing and widely extended commerce; to guard the rights of American citizens, whom business, or pleasure, or other motives may tempt to distant climes, and at the same time to cultivate those sentiments of mutual respect and good will which experience has proved so beneficial to international intercourse, the Government of the United States has deemed it expedient from time to time, to establish diplomatic connections with different States, by the appointment of representatives to reside within their respective territories. I am gratified to be enabled to announce to you that, since the close of your last session, these relations have been opened under the happiest auspices with Austria and the Two Sicilies; that new nominations have been made in the respective missions of Russia, Brazil, Belgium, and Sweden and Norway in this country; and that a Minister Extraordinary has been received, accredited to this Government from the Argentine Confederation.

An exposition of the fiscal affairs of the Government, and their condition for the past year, will be made to you by the Secretary of the Treasury.

The available balance in the Treasury, on the 1st of January next, is estimated at $2,765,342.—The receipts of the year, for customs and lands, will probably amount to $20,605,598. These 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 first of January last, has been applied to the payment of appropriations by Congress. The whole expenditure of the year on their account, including the redemption of more than eight millions of Treasury notes, constitute an aggregate of about forty millions 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 appropriations 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 instalment 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 and 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 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 considering the heavy expenses incurred by the removal of the 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, unaassisted by the issues of the past, and suitable regard to the hopes of the future. By the curtailment of paper issues by capacity, the sanguine and adventurous spirit of speculation; and by the honorable application of all available means to the fulfilment of obligations, confidence has been restored both at home and abroad, and ease and facility secured to all the operations of trade.

The agency of the Government in producing those results has been as efficient as its powers have been limited. By withholding from the States the deposite 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 withdrawing the banks and commercial community 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 means to enable the government to meet the consequences of their indulgencies, but affording at the same time facilities for remittance and exchange; and by steadily declining to employ as general depositories of the public revenue, or receive the notes of the 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 by 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 an 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 conclusion fail to cause 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 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 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 proceedings for the safe keeping and disbursement of the public moneys, and my opinion in regard to the measures best adapted to the accomplishment of these 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 amount received for duties, and, with very inconsiderable exceptions, those accruing from lands also, have, since the general suspension of specie payments by the deposite banks, been kept and disbursed by the Treasurer, under his 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 by Congress.

A change in the office of collector at one of our principal 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 the state bank deposite 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 more 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 money usual, 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, & the experience of almost 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 against transgressions of this character, so far as 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 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 watch