

...a period which, for
of public moneys disbursed
with the States as well as
financial difficulties encountered and
come, has few parallels in our history.

Your attention was, at the last session,
invited to the necessity of additional legis-
lative provisions in respect to the collec-
tion, safe-keeping, and transfer of the
public money. No law having been then
matured, and not understanding the pro-
ceedings of Congress as intended to be
final, it becomes my duty again to bring
the subject to your notice.

On that occasion, three modes of per-
forming this branch of the public service
were presented for consideration. These
were: the creation of a national bank;
the revival, with modifications, of the
deposit system established by the act of
the 23d of June, 1836, permitting the
use of the public moneys by the banks;
and the discontinuance of the use of such
institutions for the purposes referred to,
with suitable provisions for their accom-
plishment through the agency of public
officers. Considering the opinions of
both Houses of Congress on the two first
propositions as expressed in the nega-
tive, in which I entirely concur, it is un-
necessary for me again to recur to them.
In respect to the last, you have had an
opportunity since your adjournment, not
only to test still further the expediency
of the measure, by the continued practi-
cal operation of such parts of it as are
now in force, but also to discover—
what should ever be sought for and re-
garded with the utmost deference—the
opinions and wishes of the people. The
national will is the supreme law of the
Republic, and, on all subjects within the
limits of his constitutional powers, should
be faithfully obeyed by the public ser-
vant. Since the measure in question
was submitted to your consideration,
most of you have enjoyed the advan-
tage of personal communication with
your constituents. For one State only
has an election been held for the Fed-
eral Government; but the early day at
which it took place, deprives the mea-
sure under consideration of much of the
support it might otherwise have derived
from the result. Local elections for
State officers have, however, been held
in several of the States, at which the
expediency of the plan proposed by the
Executive has been more or less discus-
sed. You will, I am confident, yield to
their results the respect due to every ex-
pression of the public voice. Desiring,
however, to arrive at truth and a just
view of the subject in all its bearings,
you will at the same time remember,
that questions of far deeper and more
immediate local interest, than the fiscal
plans of the National Treasury, were
involved in those elections. Above all,
we cannot overlook the striking fact,
that there were at the time in those
States more than one hundred and sixty
millions of bank capital, of which large
portions were subject to actual forfeit-
ure—other large portions upheld only
by special and limited legislative indul-
gences—and most of it, if not all, to a great
or less extent, dependent for a contin-
uance of its corporate existence upon
the will of the State Legislatures to be
then chosen. Apprised of this circum-
stance, you will judge, whether it is not
most probable that the peculiar condi-
tion of that vast interest in these res-
pects, the extent to which it has been
spread through all the ramifications of
society, its direct connection with the
then pending elections, and the feelings
it was calculated to infuse into the can-
vass, have exercised a far greater influ-
ence over the result, than any which
could possibly have been produced by
a conflict of opinion in respect to a
question in the administration of the
General Government, more remote and
far less important in its bearings upon
that interest.

I have found no reason to change my
own opinion as to the expediency of a-
dopting the system proposed, being per-
fectly satisfied that there will be neither
stability nor safety, either in the fiscal
affairs of the Government, or in the pecu-
niary transactions of individuals
and corporations, so long as a connec-
tion exists between them, which, like
the past, offers such strong inducements
to make them the subjects of political
agitation. Indeed, I am more than ever
convinced of the dangers to which the
free and unbiased exercise of political
opinion—the only sure foundation and
safeguard of republican government—
would be exposed by any further in-
crease of the already overgrown influ-
ence of corporate authorities. I cannot,
therefore, consistently with my views of
duty, advise a renewal of a connection
which circumstances have dissolved.

The discontinuance of the use of State
banks for fiscal purposes ought not to be
regarded as a measure of hostility toward
those institutions. Banks, properly es-
tablished and conducted, are highly use-
ful to the business of the country, and

will doubtless continue to exist in the
States, so long as they conform to their
laws, and are found to be safe and bene-
ficial. How they should be created,
what privileges they should enjoy, under
what restrictions they should act, and
to what restrictions they should be sub-
ject, are questions which, as I observed
on a previous occasion, belong to the
States to decide. Upon their rights, or
the exercise of them, the General Govern-
ment can have no motive to encroach.
Its duty toward them is well performed,
when it refrains from legislating for their
special benefit, because such legislation
would violate the spirit of the Constitu-
tion, and be unjust to other interests;
when it takes no steps to impair their
usefulness, but so manages its own affairs
as to make it the interest of those institu-
tions to strengthen and improve their
condition for the security and welfare
of the community at large. They have
no right to insist on a connection with
the Federal Government, nor on the use
of the public money for their own benefit.
The object of the measure under consid-
eration is, to avoid for the future a com-
pulsory connection of this kind. It pro-
poses to place the General Government,
in regard to the essential points of the
collection, safe-keeping, and transfer of
the public money, in a situation which
shall relieve it from all dependence on
the will of irresponsible individuals or
corporations; to withdraw those moneys
from the use of private trade, and con-
fide them to agents constitutionally se-
lected and controlled by laws to abstain from
improper interference with the industry
of the people, and withhold inducements
to improvident dealings on the part
of individuals; to give stability to the con-
cerns of the Treasury; to preserve the
measures of the Government from the
unavoidable reproaches that flow from
such a connection, and the banks them-
selves from the injurious effects of a sup-
posed participation in the political con-
flicts of the day, from which they will
otherwise find it difficult to escape.

These are my views upon this impor-
tant subject; formed after careful reflec-
tion, and with no desire but to arrive at
what is most likely to promote the public
interest. They are now, as they were
before, submitted with unfeigned defer-
ence for the opinions of others. It was
hardly to be hoped that changes so im-
portant, on a subject so interesting,
could be made without producing a seri-
ous diversity of opinion; but so long as
those conflicting views are kept above
the influence of individual or local in-
terests; so long as they pursue only the
general good, and are discussed with
moderation and candor, such diversity is
a benefit, not an injury. If a majority
of Congress see the public welfare in a
different light; and more especially if
they should be satisfied that the measure
proposed would not be acceptable to the
people; I shall look to their wisdom to
substitute such as may be more con-
ducive to the one, and more satisfactory
to the other. In any event, they may con-
fidently rely on my hearty co-operation to
the fullest extent, which my views of the
Constitution and my sense of duty will
permit.

It is obviously important to this branch
of the public service, and the business
and quiet of the country, that the whole
subject should in some way be settled
and regulated by law; and, if possible,
at your present session. Besides the plans
above referred to, I am not aware that
any one has been suggested, except that
of keeping the public money in the State
banks in special deposit. This plan is,
to some extent, in accordance with the
practice of the Government, and with
the present arrangement of the Treasury
Department; which, except, perhaps,
during the operation of the late deposit
act, has always been allowed, even dur-
ing the existence of a National Bank,
to make a temporary use of the State
banks, in particular places, for the safe
keeping of portions of the revenue.—
This discretionary power might be con-
tinued, if Congress deem it desirable,
whatever general system be adopted.—
So long as the connection is voluntary,
we need perhaps anticipate few of those
difficulties, and life of that dependence,
on the banks, which must attend every
such connection when compulsory in its
nature, and who so arranged as to
make the banks fixed part of the ma-
chinery of Government. It is undoubt-
edly in the power of Congress to regu-
late and guard it so to prevent the pub-
lic money from being applied to the use,
or intermingled with the affairs, of in-
dividuals. Thus arranged, although it
would not give to the Government that
entire control over its own funds which
I desire to secure to it by the plan I
have proposed, it would, it must be ad-
mitted, in a great degree, accomplish
one of the objects which has recom-
mended the plan to my judgment—the
separation of the local concerns of the
Government from those of individuals or
corporations. With these observations,

...the whole matter of your
dispassionate reflection; confidently hop-
ing that some conclusion may by your
deliberations, which, on the one hand,
shall give safety and stability to the fis-
cal operations of the Government, and be
consistent, on the other, with the genius
of our institutions, and with the interests
and wishes of the great mass of our con-
stituents.

It was my hope that nothing would
occur to make necessary, on this occa-
sion, any allusion to the late National
Bank. There are circumstances, how-
ever, connected with the present state of
its affairs, that bear so directly on the
character of the Government and the
welfare of the citizen, that I should not
feel myself excused in neglecting to no-
tice them. The charter which termi-
nated its banking privileges on the fourth
of March, 1836, continued its corporate
powers two years more, for the sole pur-
pose of closing its affairs, with authority
"to use the corporate name, style and
capacity, for the purpose of suits for a
final settlement and liquidation of the af-
fairs and sets of the corporation, and for
the sale and disposition of their estate,
real, personal and mixed, but for no other
purpose or in any other manner what-
soever." Just before the banking privi-
leges ceased, its effects were transferred
by the bank to a new State institution
then recently incorporated, in trust, for
the discharge of its debts and the settle-
ment of its affairs. With this trustee, by
authority of Congress, an adjustment
was subsequently made of the large in-
terest which the Government had in the
stock of the institution. The manner in
which a trust unexpectedly created upon
the act granting the charter, and involv-
ing such great public interest, has been
executed, would, under any circumstan-
ces, be a fit subject of inquiry; but much
more does it deserve your attention,
when it embraces the redemption of ob-
ligations to which the authority and
credit of the United States have given
value. The two years allowed are now
nearly at an end. It is well understood
that the trustee has not redeemed and
cancelled the outstanding notes of the
bank, but has reissued, and is actually
reissuing, since the third of March, 1836,
the notes which have been received by
it to a vast amount. According to its
own official statement, so late as the first
of October last, nineteen months after
the banking privileges given by the char-
ter had expired, it had under its control
uncancelled notes of the late Bank of
the United States to the amount of twenty-
seven millions five hundred and sixty-
one thousand eight hundred and sixty-
six dollars; of which six millions one
hundred and seventy-five thousand eight
hundred and sixty-one dollars were in
actual circulation, one million four hun-
dred and sixty-eight thousand six hun-
dred and twenty-seven dollars at State
bank agencies, and three millions two
thousand three hundred and ninety dol-
lars *in transitu*; thus showing that up-
wards of ten millions and a half of the
notes of the old bank were then still kept
outstanding. The impropriety of this
procedure is obvious: it being the duty
of the trustee to cancel and not to put
forth the notes of an institution, whose
concerns it had undertaken to wind up.
If the trustee has a right to reissue these
notes now, I can see no reason why it
may not continue to do so after the ex-
piration of the two years. As no one
could have anticipated a course so ex-
traordinary, the prohibitory clause of
the charter above quoted was not accom-
panied by any penalty or other special
provision for enforcing it; nor have we
any general law for the prevention of
similar acts in future.

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

The report of the Commissioner of the
General Land Office, which will be
laid before you by the Secretary of the
Treasury, will show how the affairs of
that office have been conducted for the
past year. The disposition of the pub-

lic lands is one of the most important
trusts confided to Congress. The practi-
cability of retaining the title and control
of such extensive domains in the
General Government, and at the
same time admitting the Territories
embracing them into the Federal
Union as coequals with the origi-
nal States, was seriously doubted by
many of our wisest statesmen. All
feared that they would become a
source of discord, and many carried
their apprehensions so far as to see
in them the seeds of a future disso-
lution of the Confederacy. But hap-
pily our experience has already
been sufficient to quiet, in a great
degree, all such apprehensions.—
The position, at one time assumed
—that the admission of new States
into the Union on the same footing
with the original States, was incom-
patible with a right of soil to the
United States, and operated as a
surrender thereof, notwithstanding
the terms of the compacts by which
their admission was designed to be
regulated—has been wisely aban-
doned.—Whether in the new or the
old States, all now agree that the
right of soil to the public lands re-
mains in the Federal Government,
and that these lands constitute a
common property, to be disposed
of for the common benefit of all the
States, old and new. Acquiescence
in this just principle by the people
of the new States has naturally pro-
moted a disposition to adopt the
most liberal policy in the sale of
the public lands. A policy which
should be limited to the mere ob-
ject of selling the lands for the great-
est possible sum of money, with-
out regard to higher considerations,
finds but few advocates. On the
contrary, it is generally conceded,
that whilst the mode of disposition
adopted by the Government, should
always be a prudent one, yet its
leading object ought to be the early
settlement and cultivation of the
lands sold, and that it should dis-
countenance, if it cannot prevent,
the accumulation of large tracts in
the same hands, which must neces-
sarily retard the growth of the new
States, or entail upon them a de-
pendent tenantry, and its attendant
evils.

A question embracing such impor-
tant interests, and so well calcu-
lated to enlist the feelings of the
people in every quarter of the U-
nion, has very naturally given rise
to numerous plans for the improve-
ment of the existing system. The
distinctive features of the policy
that has hitherto prevailed, are, to
dispose of the public lands at mod-
erate prices, thus enabling a great
number to enter into competition
for their purchase, and accomplish-
ing a double object of promoting
their rapid settlement by the pur-
chasers, and at the same time in-
creasing the receipts of the Treas-
ury; to sell for cash, thereby pre-
venting the disturbing influence of
a large mass of private citizens in-
debted to the Government, which
they have a voice in controlling;
to bring them into market no faster
than good lands are supposed to be
wanted for improvements, thereby
preventing the accumulation of large
tracts in few hands; and to apply
the proceeds of the sales to the gen-
eral purposes of the Government;
thus diminishing the amount to be
raised from the people of the States
by taxation, and giving each State
its portion of the benefits to be de-
rived from this common fund in a
manner the most quiet, and at the
same time, perhaps, the most equit-
able, that can be devised. These
provisions, with occasional enact-
ment in behalf of special interests
deemed entitled to the favor of the
Government, have, in their execu-
tion, produced results as beneficial
upon the whole as could reasonably
be expected in a matter so vast, so
complicated, and so exciting. Up-
wards of seventy millions of acres
have been sold, the greater part of
which is believed to have been pur-
chased for actual settlement. The

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