

led to the southern scrutiny, and to be limited to the absolute requirements of the public service. They will be found less than the expenditures of 1830 by over five millions of dollars.

The precautionary measures which will be recommended by the Secretary of the Treasury, to protect faithfully the public credit under the fluctuations and contingencies to which our receipts and expenditures are exposed, and especially in a commercial crisis like the present, are commended to your early attention.

On a former occasion your attention was invited to various considerations in support of a pre-emption law in behalf of the settlers on the public lands; and also of a law graduating the prices for such lands as had long been in the market unsold, in consequence of their inferior quality. The execution of the act which was passed on the first subject has been attended with the happiest consequences in quieting titles, and securing improvements to the industrious; and it has also, to a very gratifying extent, been exempt from the frauds which were practised under previous pre-emption laws. It has, at the same time, as was anticipated, contributed liberally during the present year to the receipts of the Treasury.

The passage of a graduation law, with the guards before recommended would also, I am persuaded, add considerably to the revenue for several years, and prove in other respects just and beneficial.

Your early consideration of the subject is, therefore, earnestly requested.

The present condition of the defenses of our principal seaports and navy yards, as represented by the accompanying report of the Secretary of War, calls for the early and serious attention of Congress; and, as connecting itself intimately with this subject, I cannot recommend too strongly to your consideration the plan submitted by that officer for the organization of the militia of the United States.

In conformity with the expressed wishes of Congress, an attempt was made in the spring to terminate the Florida war by negotiation. It is to be regretted that these humane intentions should have been frustrated, and that the effort to bring these unhappy difficulties to a satisfactory conclusion should have failed. But, after entering into so solemn engagements with the Commanding General, the Indians, without any provocation, recommenced their acts of treachery and murder. The renewal of hostilities in that Territory renders it necessary that I should recommend to your favorable consideration the plan which will be submitted to you by the Secretary of War, in order to enable that department to conduct them to a successful issue.

Next are the President's remarks on the army and navy, and the exploring expedition; which, as they contain nothing new, or very important, and being presented for your consideration, I do not deem it necessary to discuss them. — (Enc. Can.)

The extent of post roads covered by mail service, on the first of July last, was about 133,000 miles, and the rate of annual transportation upon them \$4,496,573 miles. The number of post offices on that day was twelve thousand seven hundred and eighty, and on the thirtieth ultimo, thirteen thousand and twenty-eight.

The revenue of the Post Office Department for the year ending with the 30th of June last, was four million four hundred and seventy six thousand six hundred and thirty eight dollars—exceeding an increase over the preceding year of two hundred and forty one thousand five hundred and sixty dollars. The engagements and liabilities of the Department for the same period, are four million six hundred and twenty-four thousand one hundred and seventy dollars.

The excess of liabilities over the revenue for the last two years has been met out of the surplus which had previously accumulated. The cash on hand on the thirtieth ultimo, was about \$208,701 05, and the current income of the Department varies very little, from the rate of current expenditures. Most of the service suspended last year has been restored, and most of the new routes established by the act of 7th July, 1833, have been set in operation at an annual cost of \$136,933. Notwithstanding the pecuniary difficulties of the country, the revenue of the Department appears to be increasing; and unless it shall be seriously checked by the recent suspension of payment by so many of the banks, it will be able not only to maintain the present mail service, but in a short time to extend it. It is gratifying to witness the promptitude and fidelity with which the agents of this Department in general perform their public duties.

Some difficulties have arisen in relation to contracts for the transportation of the mails by railroad and steamboat companies. It appears that the maximum of compensation provided by Congress for the transportation of the mails upon railroads is not sufficient to induce some of the companies to convey them at such hours as are required for the accommodation of the public. It is one of the most important duties of the General Government to provide and maintain for the use of the people of the States the best practicable mail establishment. To arrive at that end, it is indispensable that the Post Office Department shall be enabled to control the hours at which the mails shall be carried over railroads, as it now does over all other roads. Should serious inconveniences arise from the inadequacy of the compensation now provided by law, or from unreasonable demands by any of the railroad companies, the subject is of such general importance as to require the prompt attention of Congress.

In relation to steamboat lines, the most efficient remedy is obvious, and has been suggested by the Postmaster General. The War and Navy Departments already employ steamboats in their service, and although it is by no means desirable that the Government should undertake the transportation of passengers or freight as a business, there can be no reasonable objection to running boats temporarily, whenever it may be necessary to put down attempts at extortion, to be discontinued as soon as reasonable contracts can be obtained.

The suggestions of the Postmaster General relative to the inadequacy of the legal allowance to witnesses in cases of prosecutions for mail depredations, merit your serious consideration. The safety of the mails requires that such prosecutions shall be efficient, and justice to the citizen whose time is required to be given to the public, demands not only that his expenses shall be paid, but that he shall receive a reasonable compensation.

The Reports from the War, Navy, and Post Office Departments will accompany this communication, and one from the Treasury Department will be presented to Congress in a few days.

For various details in respect to the matters in charge of these departments, I would refer you to those important documents, satisfied that you will find in them many valuable suggestions, which will be found well deserving the attention of the Legislature.

From a report made in December of last year by the Secretary of State, to the Senate, showing the trial docket of each of the Circuit Courts, and the number of miles each judge has to travel in the performance of his duties, a great inequality appears in the amount of labor assigned to each judge. The number of terms to be held in each of the courts occupying the ninth circuit, the distances between the places at which they sit, and from

thence to the seat of Government, are represented to be such as to render it impossible for the judge of that circuit to perform, in a manner corresponding with the public exigencies, his term and circuit duties. A revision, therefore, of the present arrangement of the circuits seems to be called for, and is recommended to your notice.

I think it proper to call your attention to the power assumed by Territorial Legislatures to authorize the issue of bonds by corporate companies on the guarantee of the Territory. Congress passed a law in 1830, providing that no act of a Territorial Legislature incorporating banks should have the force of law until approved by Congress, but acts of a very exceptional character, previously passed by the Legislature of Florida, were suffered to remain in force, by virtue of which bonds may be issued to a very large amount by those institutions, upon the faith of the Territory. A resolution intending to be a joint one passed the Senate at the same session, expressing the sense of Congress that the laws in question ought not to be permitted to remain in force unless amended in many material respects, but it failed in the House of Representatives for want of time, and the desired amendments have not been made. The interests involved are of great importance, and the subject deserves your early and careful attention.

The continual agitation of the question relative to the best mode of keeping and disbursing the public money, still injuriously affects the business of the country. The suspension of specie payments in 1837, rendered the use of deposit banks, as prescribed by the act of 1836, a source rather of embarrassment than aid, and of necessity placed the custody of most of the public money afterwards collected in charge of the public officers. The new securities for its safety, which this required, were a principal cause of my conveying an extra session of Congress; but in consequence of a disagreement between the two Houses, neither then, nor at any subsequent period, has there been any legislation on the subject. The effort made at the last session to obtain the authority of Congress to punish the use of public money for private purposes as a crime, a measure attended with other Governments with signal advantage, was also unsuccessful, from diversities of opinion in that body, notwithstanding the anxiety doubtless felt by it to afford every practicable security. The result of this is still to leave the custody of the public money without those safeguards which have been for several years earnestly desired by the Executive; and as the remedy is only to be found in the action of the Legislature, it imposes on me the duty of again submitting to you the propriety of passing a law, providing for the safe keeping of the public moneys, and especially to ask that its use for private purposes by any officers entrusted with it, may be declared to be a felony, punishable with penalties proportioned to the magnitude of the offence.

Those circumstances, added to known defects in the existing laws, and unusual derangement in the general operations of trade, have, during the last three years, much increased the difficulties attendant on the collection, keeping and disbursement of the revenue, and called forth corresponding exertions from those having them in charge. Happily these have been successful beyond expectation. Vast sums have been collected and disbursed by the several Departments with unexpected cheapness and ease; transfers have been readily made to every part of the Union, however distant; and defalcations have been far less than they might have been anticipated, from the absence of adequate legal restraints. Since the officers of the Treasury and Post Office Departments were charged with the custody of most of the public moneys received by them, there have been collected sixty six millions of dollars, and, excluding the case of the late collector at New York, the aggregate amount of losses sustained in the collection cannot, it is believed, exceed sixty thousand dollars. The defalcation of the late collector at that city, has been fully informed, ran through all the modes of keeping the public money that have been hitherto in use, and was distinguished by an aggravated disregard of duty, that broke through the restraints of every system, and cannot, therefore, be usefully referred to as a test of the comparative safety of either. Additional information will also be furnished by the report of the Secretary of the Treasury, in reply to a bill made upon that officer by the House of Representatives at the last session, requiring detailed information on the subject of defaults by public officers or agents under each Administration, from 1789 to 1837. This document will be submitted to you in a few days. The general results, (independent of the Post Office, which is kept separately, and will be stated by itself,) so far as they bear upon this subject, are, that the losses which have been, and are likely to be, sustained, by any class of agents, have been the greatest by banks, including, as required by the resolution, their depositees; paper received for public dues; that the next largest have been by disbursing officers, and the least by collectors and receivers. If the bases or duty bonds are included, they alone will be thirded both by both collectors and receivers. Our whole experience, therefore, furnishes the strongest evidence that the desired legislation of Congress is alone wanting to insure in those operations the highest degree of security and facility. Such also appears to have been the experience of other nations. From the results of inquiries made by the Secretary of the Treasury in regard to the practice among them, I am enabled to state that in twenty-two out of twenty-seven foreign Governments, from which unobscured information has been obtained, the public moneys are kept in charge of public officers. This concurrence of opinion in favor of that system is perhaps as great as exists on any question of internal administration.

In the modes of business and official restraints on disbursing officers, no legal charge was produced by the suspension of specie payments. The report last referred to will be found to contain also much useful information in relation to this subject. I have heretofore assigned to Congress my reasons for believing that the establishment of an Independent National Treasury, as contemplated by the Constitution, is necessary to the safe action of the Federal Government. The suspension of specie payments in 1837, by banks having the custody of the public money, showed in so alarming a degree our dependence on those institutions for the performance of duties required by law, that I then recommended the entire dissolution of that connection. This recommendation has been subjected, as I desired it should be, to severe scrutiny and animated discussion; and I allow myself to believe that, notwithstanding the natural diversities of opinion which may be anticipated on all subjects involving such important considerations, it has secured in its favor as general a concurrence of public sentiment as could be expected on one of such magnitude.

Recent events have also continued to develop new objections to such a connection. Scarcely in any bank, under the existing system and practice, able to meet, on demand, all its liabilities for de-

posits, and transact a profitable business, only by the confidence of the public in its solvency; and whenever this is destroyed, the demands of its depositees and note holders—pressed more forcibly than it can make collections from its debtors—force it to stop payments to the public money. This loss of confidence with its consequences occurred in 1837, and afforded the apology for the banks for their suspension. The public then acquiesced in the validity of the excuse; and, while the State Legislatures did not exact from them their forfeited charters, Congress, in accordance with the recommendation of the Executive, allowed them time to pay over the public money they held, although compelled to issue Treasury notes to supply the deficiency thus created.

It now appears that there are other motives than a want of public confidence under which the banks seek to justify themselves in a refusal to meet their obligations. Scarcely were the country and Government relieved, in a degree, from the difficulties occasioned by the general suspension of 1837, when a partial one, occurring within thirty months of the former, produced new and serious embarrassments, though it had no pollution in such circumstances as were alleged in justification of that which had previously taken place. There was nothing in the condition of the country to endanger a well managed banking institution; commerce was damaged by no foreign war; every branch of manufacturing industry was crowned with rich rewards; and the more than usual abundance of our harvests, after supplying our domestic wants, had left our granaries and store-houses filled with a surplus for exportation. It is in the midst of this, that an irredeemable and depreciated paper currency is entailed upon the people by a large portion of the banks. They are not driven to it by the exhibition of a loss of public confidence, or by a sudden pressure from their depositees or note-holders, but they excuse themselves by alleging that the current of business, and exchange with foreign countries, which draws the precious metals from their vaults, would require, in order to meet it, a larger curtailment of their loans to a comparatively small portion of the community, than it will be convenient for them to bear, or perhaps safe for the banks to exact. The plea has ceased to be one of necessity. Convenience and policy are now deemed sufficient to warrant these institutions in disregarding their solemn obligations. Such conduct is not merely an injury to individual creditors, but it is a wrong to the whole community, from whose liberality they hold most valuable privileges—whose rights they violate, whose business they derange, and the value of whose property they render unstable and insecure. It must be evident that this new ground for bank suspensions, in reference to their action is not only disconnected with, but wholly independent of, that of the public, gives a character to their suspensions more alien to any which they exhibit before, and greatly increases the impropriety of relying on the banks in the transactions of the Government.

A large and highly respectable portion of our banking institutions are, it affords me unfeigned pleasure to state, exempted from all blame on account of this second delinquency. They have, to their great credit, not only continued to meet their engagements, but have even repudiated the grounds of suspension now resorted to. It is only by such a course that the confidence and good will of the community can be preserved, and, in the sequel, the best interest of the institutions themselves promoted.

New dangers to the banks are also daily disclosed from the extension of that system of extravagant credit of which they are the pillars. Formerly our foreign commerce was principally founded on an exchange of commodities, including the precious metals, and leaving in its transactions but little foreign debt. Such is not now the case. Aided by the facilities afforded by the banks, mere credit has become too commonly the basis of trade. Many of the banks themselves, not content with largely stimulating this system among others, have usurped the business, while they impair the stability of the mercantile community; they have become borrowers instead of lenders; they establish their agencies abroad; they deal largely in stocks and merchandise; they encourage the issue of State securities until the foreign market is glutted with them; and, unsatisfied with the legitimate use of their own capital and the exercise of their lawful privileges, they raise, by large loans, additional means for every variety of speculation. The disastrous attendant on this deviation from the former course of business in this country, are now shared alike by banks and individuals, to an extent of which there is perhaps no previous example in the annals of our country. So long as a willingness of the foreign lender, and a sufficient export of our productions to meet a necessary partial payments, leave the flow of credit undisturbed, all appears to be prosperous; but as soon as it is checked by any hesitation abroad, or by an inability to make payment there in our productions, the evils of the system are disclosed. The paper currency which might serve for domestic purposes, is useless to pay the debt due in Europe. Gold and silver are therefore drawn, in exchange for their notes, from the banks. To keep up their supply of coin, these institutions are obliged to call upon their own debtors, who pay them principally in their own notes, which are as unavailable to them as they are to the merchants to meet the foreign demand. The calls of the banks, therefore, in such emergencies, of necessity, exceed that demand, and produce a corresponding curtailment of their accommodations and of the currency, at the very moment when the state of trade renders it most inconvenient to be borne. The intensity of this pressure on the community is in proportion to the previous liberality of credit and consequent expansion of the currency; forced sales of property are made at the time when the means of purchasing are most reduced, and the worst calamities to individuals are only at last arrested, by an open violation of their obligations by the banks, a refusal to pay specie for their notes, and an imposition upon the community of a fluctuating and depreciated currency.

These consequences are inherent in the present system. They are not influenced by the banks being large or small, created by National or State Governments. They are the results of the irresistible laws of trade and credit. In the recent events which have so strikingly illustrated the certain effects of these laws, we have seen the bank of the largest capital in the Union, established under a National charter, and lately strengthened, as we were authoritatively informed, by exchanging that for a State charter, with new and unusual privileges—in a condition too, as it was said, of entire soundness and great prosperity—not merely unable to resist these effects, but the first to yield to them. Nor is it to be overlooked that there exists a chain of necessary dependence among these institutions which obliges them, to a great extent, to follow the course of others, notwithstanding its injustice to its own immediate depositees, or injury to the particular community in which they are placed. This dependence of a bank, which is in proportion to the extent of its debts for circulation and depositees, is not merely on others in its own vicinity,

but on all those which connect it with the centre of trade. Demand banks may fail, without seriously affecting those in our principal commercial cities; but the failure of the latter is felt in the extremities of the Union. The suspension of New York, in 1837, was every where, with very few exceptions, followed, as soon as it was known; that recently at Philadelphia immediately affected the banks of the South and West in a similar manner. This dependence of our whole banking system on the institutions in a few large cities, is not found in the laws of their organization, but in those of trade and exchange. The banks of that centre to which currency flows, and where it is required in payments for merchandise, hold the power of controlling those in regions whence it comes, while the latter possess no means of restraining them; so that the value of individual property, and the prosperity of trade, through the whole interior of the country, are made to depend on the good or bad management of the banking institutions in the great seats of trade on the seaboard.

But this chain of dependence does not stop here. It does not terminate at Philadelphia or New York. It reaches across the ocean, and ends in London, the centre of the credit system. The same laws of trade, which give to the banks in our principal cities power over the whole banking system of the United States, subject the former, in their turn, to the money power in Great Britain. It is not deemed that the suspension of the New York banks in 1837, which was followed in quick succession throughout the Union, was produced by an application of that power; and it is now alleged, in attenuation of the present condition of so large a portion of our banks, that their embarrassments have arisen from the same cause.

From this influence they cannot now entirely escape, for it has its origin in the credit currencies of the two countries; it is strengthened by the current of trade and exchange, which centres in London, and is rendered almost irresistible by the large debts contracted there by our merchants, our banks, and our States. It is thus that an introduction of a new bank into the most distant of our villages, places the business of that village within the influence of the money power in England. It is thus that every new debt which we contract in that country, seriously affects our own currency, and extends over the pursuits of our citizens its powerful influence. We cannot escape from this by making new banks, great or small, State or National. The same chains which bind those now existing to the centre of this system of paper credit, must equally fetter every similar institution we create. It is only by the extent to which this system has been pushed of late, that we have been made fully aware of its irresistible tendency to subject our own banks and currency to a vast controlling power in a foreign land; and it adds a new argument to those which illustrate their precarious situation. Endangered in the first place by their own mismanagement, and again by the conduct of every institution which connects them with the centre of trade in our own country, they are yet subjected, beyond all this, to the effect of whatever measures policy, necessity, or caprice, may induce those who control the credits of England to resort to. I mean not to comment upon these measures present or past, and much less to discourage the prosecution of fair commercial dealing between the two countries, based on reciprocal benefits; but it having now been made manifest that the power of inflicting these and similar injuries, is, by the restless law of a credit currency and credit trade, equally capable of extending their consequences through all the ramifications of our banking system, and by that means indirectly obtaining, particularly when our banks are used as depositories of the public moneys, a dangerous political influence in the United States, I have deemed it my duty to bring the subject to your notice, and ask for it your serious consideration.

It is an argument beyond the exposition of these facts, to show the impropriety of using our banking institutions as depositories of the public money. Can we venture not only to encounter the risk of their individual and mutual mismanagement, but, at the same time, to place our foreign and domestic policy entirely under the control of a foreign moneyed interest? To do so is to impair the independence of our Government, as the present credit system has already impaired the independence of our banks. It is to submit all its important operations, whether of peace or war, to be controlled or thwarted at first by our own banks, and then by a power abroad greater than themselves. I cannot bring myself to depict the humiliation to which the Government and people might be sooner or later reduced, if the means for defending their rights are to be made dependent upon those who may have the most powerful motives to impair them. Nor is it only in reference to the effect of this state of things on the independence of our Government or of our banks, that the subject presents itself for consideration; it is to be viewed also in its relations to the general trade of our country.

The time is not long past when a deficiency of foreign crops was thought to afford a profitable market for the surplus of our industry; but now we await with feverish anxiety the news of the English harvest, not so much from motives of commendable sympathy, but from the loss of anticipated future should narrow the field of credit here. Does not this speak volumes to the patriot? Can a system be beneficial, wise, or just, which creates greater anxiety for interests dependent on foreign credit, than for the general prosperity of our own country and the profitable exportation of the surplus produce of our labor?

The circumstances to which I have thus alluded appear to me to afford weighty reasons, developed by late events, to be added to those which I have on former occasions offered, when submitting to your better knowledge and discernment the propriety of separating the custody of the public money from banking institutions. Nor has any thing occurred to lessen, in my opinion, the force of what has heretofore been urged. The only ground on which custody can be deemed by the banks, is the profitable use which they may make of the money. Such use would be regarded in individuals as a breach of trust, or a crime of great magnitude, and yet it may be reasonably doubted whether, first and last, it is not attended with more mischievous consequences, when permitted to the former than to the latter. The practice of permitting the public money to be used by its keepers as here, is believed to be peculiar to this country, and to exist scarcely any where else. To procure it here, improper influences are applied to, unwise connections are established between the Government and vast numbers of powerful State institutions; other motives than the public good are brought to bear both on the Executive and Legislative departments, and selfish combinations, leading to special legislation, are formed. It is made the interest of banking institutions and their stockholders throughout the Union to use their exertions for the increase of taxation and the accumulation of a surplus revenue; and, while an excuse is afforded, the means are furnished for those excessive issues which lead to extravagant trading and speculation, and are the forerunners of a vast debt abroad, and a suspension of the banks at home. Impressed therefore, as I am, with the propriety of the funds of the Government being withdrawn from the private use of either banks or individuals, and the public money kept by duly appointed public agents; and believing, as I do, that such also is the judgement which discussion, reflection and experience have produced on the public mind, I leave the subject with you. It is, at all events, essential to the interests of the community and the business of the Government, that a decision should be made.

Most of the arguments that dissuade us from employing banks, in the custody and disbursement of the public moneys, apply with equal force to the receipt of their notes for public dues. The difference is only in

form. In one instance, the Government is a creditor for its depositees, and in the other for the notes it issues. They afford the same opportunity for using the public moneys, and equally lead to all the evils attendant upon it, since a bank can actually extend its discounts on a depositee of its note in the hands of a public officer, as on an individual in its own hands. On the other hand, it would give to the Government no greater security, for, in case of failure, the claim of the noteholder would be no better than that of a depositee.

I am aware that the danger of inconveniences to the public, and unreasonable pressure upon sound banks, have been urged as objections to requiring the payment of the revenue in gold and silver. These objections have been greatly exaggerated. From the estimates we may safely fix the amount of specie in the country at eighty five millions of dollars, and the portion of that which would be employed at any one time in the receipts and disbursements of the Government, even if the proposed change were made at once, would not, it is now, after full investigation, believed, exceed four or five millions. If the change were gradual, several years would elapse before that sum would be required, with annual opportunities in the mean time to alter the law, should experience prove it to be oppressive or inconvenient. The portion of the community on whose business the change would immediately operate, are comparatively small, nor is it believed that the effect would be in the least unjust or injurious to them.

In the payment of duties, which constitute by far the greater portion of the revenue, a very large proportion is derived from foreign commission houses and agents of foreign manufacturers, who sell the goods consigned to them, generally, at auction, and after paying the duties out of the avails, remit the rest abroad in specie or its equivalent. That the amount of duties should, in such cases, be advanced in specie, can hardly be made a matter of complaint. Our own importing merchants, by whom the remittance of the duties is paid, are not only peculiarly interested in maintaining a specie currency, which the measures in question will especially promote, but are, from the nature of their dealings, best able to know when specie will be needed, and to procure it with the least difficulty or sacrifice. Besides, too, almost universally in places where the revenue is received, and where the drafts used by the Government for its disbursements must concentrate, they have every opportunity to obtain and use them in place of specie, should it be for their interest or convenience. Or the number of these drafts, and the facilities by which the public funds are drawn and disbursed, an idea may be formed from the fact that, of nearly twenty millions of dollars paid to collectors and receivers during the present year, the average amount in their hands at any one time has not exceeded a million and a half; and of the fifteen millions received by the collector of New York alone during the present year, the average amount held by him, subject to draft during each week, has been less than half a million.

The ease and safety of the operations of the Treasury in keeping the public money, are promoted by the application of its own drafts to the public dues. The objection arising from having them too long outstanding, might be obviated, and they yet made to afford benefits, and banks holding them an equivalent for specie, and in that way greatly lessening the amount actually required. Still less inconvenience will attend the requirement of specie in purchases of public lands. Such purchases, except when made on speculation, are in general, but simple transactions, rarely requiring the same pains; and it is a fact, that for the last year and a half, during which the notes of sound banks have been received, more than a moiety of these payments has been voluntarily made in specie, being a large proportion than would have been required in the years under the graduation proposed.

It is moreover a principle than which none is better settled by experience, that the supply of the precious metals will always be found adequate to the use to which they are required. They abound in countries where no other currency is allowed, and in our own, where small notes are excluded, gold and silver supply their place. When driven to their hiding places, bank suspensions, like fire, burn in the community, and restore them in a sufficient quantity for ordinary purposes. Postage and other public dues have been collected in coin, without serious inconveniences, even in seasons when a depressed paper currency has prevailed for years, and this, with the aid of Treasury notes for a part of the time, was done without interruption during the suspension of 1837. At the present moment, the receipts and disbursements of the Government are made in legal currency in the largest portion of the Union—no case suggests a departure from this rule, and it can now be successfully carried out, will be surely attended with even less difficulty when bank notes are again redeemed in specie.

I need not think that a serious objection will be any where raised to the receipt and payment of gold and silver in all public transactions, were it not for an apprehension that a surplus in the Treasury might withdraw a large portion of it from circulation, and lock it up unprofitably in the public vaults. It will not, in my opinion, be difficult to prevent such a convenience from occurring; but the serious inconveniences which I have already submitted to you in a report to the actual amount to the public Treasury at any one time during the period embraced in them, and the probability of a different state of the Treasury at least some years to come, seem to render it unnecessary to dwell upon it. Congress, moreover, will have before observed, will in every year have an opportunity to guard against it, should the occurrence of any circumstances lead us to apprehend injury from this source. Viewing the subject in all its aspects, cannot believe that any period will be more auspicious than the present for the adoption of all measures necessary to maintain the integrity of our own engagements, and to aid in securing to the community the abundant supply of the precious metals which adds so much to their property, and gives such increased facility to all their dealings.

In a country so commercial as ours, banks in our form will probably always exist; but this serves only to render it the more incumbent on us, notwithstanding the discouragements of the past, to strive in our respective stations to mitigate the evils they produce; to take from them as rapidly as the obligations of public faith and a careful consideration of the immediate interests of the community will permit, the unjust character of monopolies; to check so far as may be practicable, the temptations of interest and the allurements of those opportunities for their dangerous indulgence, which beset them on every side, and confine themselves to the performance of their paramount duty, of aiding the operations of commerce, rather than consulting their own exclusive advantage. These and other salutary reforms may, it is believed, be accomplished without the violation of any of the great principles of the social compact, the observance of which is indispensable to its existence, or interfering in any way with the useful and profitable employment of its capital.

Institutions so framed have existed and flourished elsewhere, giving to commercial intercourse all the facilities, without inflating or depreciating the currency, or stimulating speculation. The accumulation of their legitimate ends, they have gained the strict guarantee for their protection and encouragement in the good will of the community. Among a people as just as ours the same result could not fail to attend a similar course. The direct supervision of the banks belongs, from the nature of our Government, to the State who authorizes them. It is to their Legislatures that the people most mainly look for action on that subject. But as the conduct of the Federal Government in the management of its revenue has also a powerful though less immediate influence upon them; it becomes especially to see that a proper direction is given to it. While the keeping of the public revenue in a separate and independent Treasury, and of collecting it in gold and silver, will have a salutary influence on the system of paper credit with which all banks are connected, and thus aid those that are sound and well managed, and at the same time exclude such as are otherwise; by at once withdrawing the means of extravagant speculation by the public funds, and restraining them from excessive issues of notes which they would be continually called upon to redeem.

I am aware it has been urged that this course may be the best attained and exerted by means of a National Bank. The constitutional objections which I am well known to entertain, would prevent me in any event from proposing of necessity