policy of peacefully removing the Indians to regions of comparative safety and prosperity; if the public faith has at all times, and every where, been most scrupulously guarded by a prompt discharge of the numerous, extended and diversified claims on the Treasury; if all these great and permanent objects, with many others that might be stated, have for a series of years, marked by peculiar obstacles and difficulties, been successfully accomplished without a resort to permanent debt, or the aid of a National Bank; have we not a right to expect that a policy, the object of which has been to sustain the public service independently of either of those fruitful sources of discord, will receive the final sanction of a people who are habitually and justly cherished judgement upon public affairs is never ultimately wrong?

That embarrassment in the pecuniary concerns of individuals of unexampled extent and duration, have recently existed in this as in other commercial nations, is undoubtedly true. To suppose it necessary now to trace these reverses to their sources would be a reflection on the intelligence of my fellow-citizens. Whatever may have been the obscurity in which the subject was involved during the earlier stages of the revulsion, there cannot now be many by whom the whole question is not fully understood.

Not deeming it within the constitutional powers of the General Government to repair private losses sustained by reverses in business having no connexion with the public service, either by direct appropriations from the Treasury, or by special legislation designed to secure exclusive privileges and immunities to individuals or classes in preference to, and at the expense of the great majority necessarily debarred from any participation in them, no attempt to do so has been either made, recommended, or encouraged, by the present Executive.

It is believed, however, that the great purposes for the attainment of which the Federal Government was instituted, have not been lost sight of.—Intrusted only with certain limited powers, cautiously enumerated, distinctly specified, and defined with a precision and clearness which would seem to defy misconstruction, it has been my constant aim to confine myself within the limits so clearly marked out, and so carefully guarded. Having always been of opinion that the best preservative of the Union of the States is to be found in a total abstinence from the exercise of all doubtful powers on the part of the Federal Government, rather than in attempts to assume them by a loose construction of the Constitution, or an ingenious perversion of its words, I have endeavored to avoid recommending any measure which I had reason to apprehend would, in the opinion even of a considerable minority of my fellow citizens, be regarded as trenching on the rights of the States, or the provisions of the hallowed instrument of our Union. Viewing the aggregate powers of the Federal Government as a voluntary concession of the States, it seems to me that such only should be exercised as were at the time intended to be given.

I have been strengthened too, in the propriety of this course, by the conviction that all efforts to go beyond this, tend only to produce dissatisfaction and distrust, to excite jealousies, and to provoke resistances. Instead of adding strength to the Federal Government, even when successful, they must ever prove a source of incurable weakness, by alienating a portion of those whose adhesion is indispensable to the great aggregate of united strength, and whose voluntary attachment is, in my estimation, far more essential to the efficiency of a government strong in the best of all possible strength—the confidence and attachment of all those who make up its constituent elements.

Thus believing, it has been my purpose to secure to the whole people, and to every member of the confederacy, by general, salutary, and equal laws alone, the benefit of those republican institutions which it was the end and aim of the Constitution to establish, and the impartial influence of which is, in my judgment, indispensable to their preservation. I cannot bring myself to believe that the lasting happiness of the people, the prosperity of the States, or the permanency of their Union, can be maintained by giving preference or priority to any class of citizens in the distribution of benefits or privileges, or by the adoption of measures which enrich one portion of the Union at the expense of another; nor can I see in the interference of the Federal Government with the local legislation and reserved rights of the States, a remedy for present, or a security against future, dangers.

The first, and assuredly not the least, important step towards relieving the country from the condition into which it had been plunged by excesses in trade, banking, and credits of all kinds, was to place the business transactions of the Government itself on a solid basis; giving and receiving in all cases value for value, and neither countenancing nor encouraging in others that delusive system of credits from which it has been found so difficult to escape, and which has left nothing behind it but the wrecks that mark its fatal career.

That the financial affairs of the Government are now, and have been during the whole period of these wide spread difficulties, conducted with a strict and unvariable regard to this great fundamental principle, and that by the assumption and maintenance of the stand thus taken on the very threshold of the approaching crisis, more than by any other cause or causes whatever, the community at large has been shielded from the incalculable evils of a general and indefinite suspension of specie payments, and a consequent annihilation for the whole period it might have lasted, of a just and invariable standard of value, will, it is believed, at this period, scarcely be questioned.

A steady adherence, on the part of the Government, to the policy which has produced such salutary results, aided by judicious State legislation, and, what is not less important, by the industry, enterprise, perseverance and economy of the American people, cannot fail to raise the whole country, at an early period, to a state of solid and enduring prosperity, not subject to be again overthrown by the creation of banks or the expansion of a bloated credit system. It is for the people, and their representatives to decide whether or not the permanent welfare of the country (which all good citizens equally desire however widely they may differ as to the means of its accomplishment) shall be in this way secured; or whether the management of the pecuniary concerns of the Government, and, by consequence, to a great extent, those of individuals also, shall be carried back to a condition of things which fostered those contractions and expansions of the currency, and those reckless abuses of credit, from the baleful effects of which the country has so deeply suffered—a return that can principles, in the end, no better results than to reproduce the embarrassments the Government has experienced, and to remove from the shoulders of the present, by those of fresh victims, the bitter lesson of that spirit of the speculative enterprise to which our countrymen are so liable, and upon which the lessons of experience are so unavailing. The choice is an important one, and I sincerely hope it may be wisely made.

A report from the Secretary of War, presenting a general view of the affairs of that department, accompanies the correspondence.

The desultory duties connected with the removal of the Indians, in which the army has been constantly engaged in the Northern and Western frontiers, and in Florida, have rendered it impracticable to carry into full effect the plan recommended by the Secretary for improving its discipline. In every instance where the regiments have been concentrated they have made great progress; and the best results may be anticipated from a continuance of this system. During the last season, a part of the troops have been employed in removing Indians from the interior to the Territory assigned them in the West—a duty which they have performed efficiently, and with praiseworthy humanity; and that portion of them which has been stationed in Florida continued active operations there throughout the heats of summer.

The policy of the United States in regard to the Indians, of which a succinct account is given in my message of 1838, and of the wisdom and expediency of which I am fully satisfied, has been continued in active operation throughout the whole period of my Administration. Since the Spring of 1837, more than 40 000 Indians have been removed to their new homes west of the Mississippi; and I am happy to add, that all accounts concur in representing the result of this measure as eminently beneficial to that people.

The emigration of the Seminoles alone has been attended with serious difficulty, and occasioned bloodshed, hostilities having been commenced by the Indians in Florida, under the apprehension that they would be compelled by force, to comply with their treaty stipulations. The execution of the treaty of Payne's Landing, signed in 1832, but not ratified until 1834, was postponed, at the solicitation of the Indians, until 1836, when they again renewed their agreement to remove peaceably to their new homes in the west. In the face of this solemn and renewed compact, they broke their faith, and commenced hostilities by the murder of Maj. Dade's command, the murder of their agent, General Thompson, and other acts of cruel treachery. When this alarming and unexpected intelligence reached the seat of Government, every effort appears to have been made to reinforce General Clinch, who commanded the troops then in Florida. General Eustis was despatched with reinforcements from Charleston; troops were called from Alabama, Tennessee and Georgia; and General Scott was sent to take the command, with ample power and ample means. At the first alarm, Gen. Gaines organized a force at New Orleans, and, without waiting for orders, landed in Florida, where he delivered over the troops he had brought with him to Gen. Scott.

Governor Call was subsequently appointed to conduct a summer campaign, and at the close of it was replaced by General Jesup. These events and changes took place under the Administration of my predecessor. Notwithstanding the exertions of the experienced officers who had commanded there for eighteen months on entering upon the administration of the Government I found the Territory of Florida a prey to Indian atrocities. A strenuous effort was immediately made to bring those hostilities to a close, and the army, under Gen. Jesup, was reinforced until it amounted to ten thousand men, and furnished with abundant supplies of every description. At this campaign a great number of the enemy were captured and destroyed; but the character of the contest was only changed. The Indians, having been defeated in every engagement, dispersed in small bands throughout the country, and became an enterprising, implacable and ruthless foe. General Taylor, who succeeded General Jesup, used his best exertions to subdue them, and was seconded in his efforts by the officers under his command; but he, too, failed to protect the Territory from their depredations. By an act of signal ape rfidy and treachery, they broke the truce made with them by General Macomb, who was sent from Washington for the purpose of carrying into effect the expressed wishes of Congress, and have continued their devastations ever since. Gen. Armistead, who was in Florida when Gen. Taylor left the army, by permission, resumed the command, and, after active summer operations, was met by propositions for peace; and, from the fortunate coincidence of the arrival in Florida, at the same period, of a delegation from the Seminoles, who are happily settled west of the Mississippi, and are now anxious to persuade their countrymen to join them there, hopes were for some time entertained that the Indians might be induced to leave the Territory without further difficulty. Those hopes have proved fallacious, and hostilities have been renewed throughout the whole of the Territory. That the contest has endured so long, is to be attributed to causes beyond the control of the Government. Experienced Generals have had the command of the troops, officers and soldiers have alike distinguished themselves for their activity, patience, and enduring courage; the army has been constantly furnished with supplies of every description, and we must look for the cause which have so long protractinated the issue of the contest, in the vast extent of the theatre of hostilities, the almost insurmountable obstacles presented by the nature of the country, the climate, and the wily character of the savages.

The sites for marine hospitals on the rivers and lakes which I was authorized to select and cause to be purchased, have all been designated; but the appropriation not proving sufficient, none of them could as yet have been made for their acquisition. It is for Congress to decide whether those conditional purchases shall be sanctioned, and the humane intentions of the law carried into full effect.

The Navy, as will appear from the accompanying report of the Secretary, has been usefully and honorably employed in the protection of our commerce and citizens in the Mediterranean, the Pacific, on the coast of Brazil, and in the Gulf of Mexico. A small squadron, consisting of the frigate Constellation, and the sloop of war Boston, under Commodore Kennon, is now on its way to the China and Indian seas, for the purpose of attending to our interests in that quarter; and Commander Aulick, in the sloop-of-war Yorktown, has been instructed to visit the Sandwich and Society Islands, the coasts of New Zealand and Japan, together with other ports and islands frequented by our whale ships, for the purpose of giving them countenance and protection, should they be required. Other smaller vessels have been, and still are, employed in protecting the surveys of the coast of the United States, directed by various acts of Congress, and those which have been completed will shortly be laid before you.

The exploring expedition, at the latest date, was preparing to leave the Bay of Islands, New Zealand, to further prosecution of objects which have, thus far, been successfully accomplished. The discovery of a new continent, which was first seen in latitude 66 deg. 30 min. south, longitude 150 deg. 40 min. east, by Lieutenants Wilkes and Hudson, for an extent of eighteen hundred miles, but on which they were prevented from landing by vast bodies of ice which encompassed it, is one of the honorable results of the enterprise. Lieutenant Wilkes bears testimony to the zeal and good conduct of his officers and men; and it is but justice to that officer to state that he appears to have performed the duties assigned him with an ardor, ability, and perseverance, which give every assurance of an honorable issue to the undertaking.

The Report of the Postmaster General, herewith transmitted, will exhibit the service of that department the past year, and its present condition. The transportation has been maintained during the year to the full extent authorized by the existing laws; some improvements have been effected, which the public interest seemed urgently to demand, but not involving any material additional expenditure; the contractors have generally performed their engagements with fidelity; the postmasters, with few exceptions, have rendered their accounts and paid their quarterly balances with promptitude; and the whole service of the department has maintained the efficiency for which it has for several years been distinguished.

The acts of Congress establishing new mail routes and requiring more expensive services to others, and the increasing wants of the country have, for three years past, carried the expenditure somewhat beyond the accruing revenues; the excess having been met, until the last year, by the surplus which had previously accumulated. That surplus having been exhausted, and the anticipated increase in the revenue not having been realized, owing to the depression in the commercial business of the country, the finances of the department exhibit a small deficiency at the close of the present year. Its resources, however, are ample; and the reduced rates of compensation for the transportation service, which may be expected on the future bringing from the general reduction of prices, with the increase of revenue that may reasonably be anticipated from the