te you that the past year has been on alloyed prosperity. The ravages of fire fourishing portions of our country; and seri-ous emburrasements yet derange the trade of of our cities. But, notwithstand hese adverse circumstances, that gener prosperity which has been heretofore so bountifully bestowed upon us by the Author of all good, still continues to call for our warment gratitude. Especially have we reason to rejoice in the exuberant harvests which have lavishly recompensed well directed in fustry, and given to it that sure reward which I cannot indeed view without peculiar satisfaction, the evidences afforded by the past season of the benefits that spring from the steady devotion of the husbandman to his honorable pursuits. No means of individual miors is more certain, and no source of na al prosperity is so sure. Nothing can hers for the bread they eat; and that cheer ful abundance on which the happiness of every one so much depends, is to be looked for no where with such sure reliance as in the ductry of the agriculturist and the bounties

With foreign countries, our relations exhibit the same favorable aspect which was presented in my last annual message, and afford continued proof of the windom of the pacific, just, and forbearing policy adapted by the first Administration of the Federal Government, and pursued by its successors. The extraordinary powers vested in me by an act of Congress, for the defence of the country in an emergency, considered so far probable as ire that the Executive should pose ample means to meet it, have not been exert They have, therefore, been attende with no other result than to increase, by the confidence thus repused in me, my obligations to maintain, with religious exactness, the cardinal principles that govern our inter-course with other nations. Happily, in our pending questions with Great Britain, out of which this unusual grant of authority arose, nothing has occurred to require its exertions and it is about to return to the Legislature. trust that no future necessity may call for its exercise by them, or its delegation to another department of the Government.

oundary, the proposition promised by Great, Britain for a commission of exploration and survey, has been received; and a counter project, including also a provision for the certain and final adjustment of the limits in dispute, is now before the British Government for its consideration. A just regard to the delicate state of this question, and a proper respect for the natural impatience of the State of Maine, not less than a conviction that the negotiation has been already protracted fonger than is prudent on the part of either Government, have led me to believe that the present favorable moment should on no a count be suffered to pass without putting the question forever at rest. I feel confident that the Government of her Britannic Majesty will take the same view of this subject, as I persuaded it is governed by desires equally strong and sincere for the amicable termination of the controversy.

To the intrinsic difficulties of questions o boundary lines, especially those described in regions unoccupied, and but partially known, is to be added in our country the embarraes-ments necessarily arising out of our Consti-tution, by which the General Government is made the organ of negotiating, and deciding upon the peculiar interests of the States on whose frontiers these lines are to be traced. To avoid another controversy in which a State Government might rightfully claim to have her wishes consulted, previously to the con-clusion of conventional arrangements con-cerning her rights of jurisdiction or territory, I have thought it necessary to call the attention of the Government of Great Britain to another portion of our conterminous dominadjusted. I refer to the lines from the entrance of Lake Superior to the most northulations for the settlement of which are to be Chant. The commissioners appointed under that article by the two Governments having differed in their apinions, made separate reports, according to its stipulations, upon the points of disagreement; and these differences are now to be subgritted to the arbitrathe line designated, before the Perritorial Government, of which it is one of the bounds-ries, takes its place in the Union as a State; and I rely upon the cordial co-operation of the British Government to effect that object.

There is every reason to believe that disturbances like those which lately agitated the prove the sources of border contentions, br interpose obstacles to the continuance of that good understanding which it is the mutual nterest of Great Britain and the United States to preserve and maintain.

Within the provinces themselves tranquility is restored, and on our frontier that misuided sympathy in favor of what was pre sumed to be a general effort in behalf of pep-ular rights, and which in some instances misled a few of our more inexperienced citizens, has subsided into a rational conviction strongly opposed to all intermeddling with the internal affairs of our neighbors. The people of the United States feet, as it is hoped they always will, a warm solicitude for the suc-

ed to some extent by personal phase. vation. I am satisfied that no one can now hope to engage in such enterprises without encountering public indignation, in add to the severest pen I les of the law.

Recent information also leads me to hope that the emigrants from her Majesty's Proboundaries, are disposed to become peaceable residents, and to abstran from all attempts to endanger the peace of that country which has afforded them an asylum. On a review of the occurrences on both sides of the line, it is satisfactory to reflect, that in almost every complaint against our country, the offence may be traced to emigrants from the Provinces who have sought refuge here. In the few instances in which they were used by citizens of the United States, the acts of these misguided men were not only in direct contravention of the laws and well known wishes of their own Government, but met with the decided disapprobation of the people of the United States. Line St.

I regret to state the appearance of a different spirit among her Majesty's subjects in the Canadas. The sentiments of hostility to our people and institutions, which have been so frequently expressed there, and the disregard of our rights which have been manifest ed on some occasions, have, I am sorry to say, been applauded and encouraged by the people, and even by some of the subordinate local authorities, of the Provinces. The chief officers in Canada fortunately have not entertained the same feeling, and have probably prevented excesses that must have been the new Governments which have arisen out fatal to the peace of the two countries.

Blook forward anxiously to a period when all the transactions which have grown out of this condition of our affairs, and which have been made the subjects of complaint and remonstrance by the two Governments respeclively, shall be fully examined, and the prope satisfaction given where it is due from either

Nothing has occurred to disturb the harmony of our intercourse with Austria, Belgium, Denmark, France, Naples, Portugal, Prussia, Russia, or Sweden The internal state of Spain has sensibly improved, and a well grounded hope exists that the return of peace will restore to the people of that country their former prosperity, and enable the Government to fulfiball its obligations at home and abroads. The Government of Purtugal, I have the satisfaction to state, has paid full the eleventh and last instalment due to our citizens for the claims embraced in the set tlement made with it on the 3d of March, 1837.

I lay before you treaties of commerce negotisted with the Kings of Sardinia and of the Netherlands, the ratifications of which have been exchanged since the adjournment of Congress. The liberal principles of these treaties will recommend them to your approrition. That with Sandinia is the first treaty of commerce formed with that kingdom, and it will, I trust, answer the expectations of the present sovereign, by aiding the development of the resources of his country, and stimulating the enterprise of his people. That with the Netherlands happily terminates a long existing subject of dispute, and removes from our future commercial intercourse all apprehension of embarrassment. The King of the Netherlands has also, in further illustration of his character for justice, and of his desire to remove, every cause of diseatisfacvessel captured in 1800 by a French privateer, and carried into Curaços, where the proceeds were appropriated to the use of the colony, then, and for a short time after, under the dominion of Holland.

The death of the late Sultan has produced no alteration in our relations with Turkey .-Our newly appointed Minister Resident has reached Constantinople, and I have received assurances from the present Ruler that the obligations of our treaty, and those of friendship, will be fulfilled by him-elf in the same spirit that actuated his illustrious father.

I regret to be obliged to mform you that no convention for the settlement of the claims of our citizens upon Mexico has vet been ratified by the Government of that country. The first convention formed for that purpose was not presented by the President of Mexico for the approbation of its Congress, from a belief that the King of Prussia, the arbitrafor in case of disagreement in the joint commission to be appointed by the United States and Mexico, would not consent to take upon himself that friendly office. Atthough not entirely satisfied with the course pursued by Mexico, I felt no hesitation in receiving in the most conciliatory spirit the explanation offered, and also cheerfully consented to new convention, in order to arrange the pay ments proposed to be made to our citizens in a manner which, while equally just to them was deemed less onerous and inconvenient to the Mexican Government. Relying confidently upon the intentions of that Government, Mr. Ellis was directed to repair to Mexico, and diplomatic intercourse has been resumed between the two countries. The new convention has, he informs us, been recently submitted by the President of that Republic to its Congress, under circumstances which promise a speedy ratification; a result which I cannot allow myself to doubt,

Instructions have been given to the Comissioner of the United States under our Con vention with Texas, for the demarcation of the line which separates us from that Repub- an objection to an appropriation bill on the sole lic. The commissioners of both Governments met in New Orleans in August last .-The joint commission was organized, and ad-

cations inving expired. I deemed it expedi-ent, in consequence of the death of the Charge of Affairs, to send a speedy agent to Central America, to close the affairs of our mission there, and to arrange with the Government an extension of the time for the exchange of The commission created by the State

which formerly composed the Republic of Columbia, for adjusting the claims against that Government, has, by a very unexpected construction of the treaty under which it decided that no provision was made for those claims of citizens of the United States which arose from captures by Columbian privateers, and were adjudged against the claimants in the judicial tribunals. This decision will compel the United States to apply to the several Governments formerly united for re-dress. With all those—New Granada Vene-zuels, and Ecuador, a perfectly good under-standing exists. Our treaty with Venezuels is faithfully carried into execution, and that country, in the enjoyment of tranquility, is gradually advancing in prosperity under the guidance of its present distinguished President, General Page. With Eduador, a likeral commercial convention has lately concluded, which will be transmitted to the

Senate at an early day.

With the great American Empire of Bra-21 our relations continue unchanged, as does our Riendly Intercourse with the other Goveraments of South America—the Argentine Republic and the Republics of Bruguay, Chiin Peru and Bolivia. The dissolution of Peru Bolivian Confederation may occasion some temporary inconvenience to our citizens in that quarter, but the obligations on of that Confederation to observe its treaty stipulations, will no doubt be soon understood, and it is presumed that no indisposition will exist to fulfil those which it contracted with the United States.

The financial operations of the Government, during the present year, have, I am happy to say, been very successful. The difficulties under which the Treasury Department has labored, from known defects in the existing laws relative to the sufe keeping of the public monies, aggravated by the suspension of specie payments by several of the Banks holding pub-fic deposites, or indebted to public officers for notes received in payment of public dues, have been surmounted to a very gratifying extent. . The large current expenditures have been punctually met, and the faith of the Government in all its pecuniary rencerns has been acropulously maintained.

The nineteen millions of Treasury notes authorize

by the Act of Congress of 1837, and the millifications thereof, with a view to the indulgence of merchants on their duty bonds, and of the deposits Banks in the payment of public monies held by them, have been so punctually redeemed as to leave less than the original ten millions outs anding at any one time, and the whole amount unredeemed now fells short of three millions. Of these, the chief portion is not due till next year, and the whole would have been already extinguished, could the Treasury have realized the payments due to it from the Banks, If those due from them during the next year shall be punc-tually made, and if Congress shall keep the appro-priations within the estimates, there is every reason to believe that all the outstanding Treasury notes can be redeemed, and the ordinary expenses defrayed, without imposing on the people any additional bur-den, either of loans or increased taxes.

To avoid this, and to keep the expenditures within reasonable bounds, is a duty, second only in simpor-tance to the preservation of our national character, and the protection of our citizens, in their civil and political rights. The creation, in time of peace, of a debt likely to become permanent, is an evil for which there is no equivalent. The rapidity with which many of the States are apparently approaching to manner too impressive to be disregarded. One, and the least important, is to keep the Pederal Govern ment always in a condition to discharge, with ease and vigor, its highest functions, should their exercises be required by any sudden conjuncture in public of fairs—a condition to which we are always exposed, and which may occur when it is least expected. T this end, it is indispensable that its finances should he untrammelled, and its resources, as far as practi-cable, unincumbered. No circumstance could present greater obstacles to the accomplishment of these vi-tally important objects, than the creation of an oner-ous national debt. Our own experience, and slapthat of other nations, have demonstrated the unavoidable and fearful rapidity with which a public debt is increased, when the Government has once surrendered itself to the ruinous practice of supplying its supposed necessities by new loans. The struggle, therefore, on our part, to be successful, must be made at the threshold. To make our efforts effective, severe economy is necessary. This is the surest provision for the national welfares and it is, at the same time the best preservative of the principles on which our institutions rest. Simplicity and economy in the affairs of State have never failed to chasten and invigorate Republican principles, while these have been as surely subverted by national prodigality, under whatever specious pretexts it may have been introduced or fostered.

These considerations cannot be lost upon a people who have never been inattentive to the effect of their policy upon the institutions they have ctrated for themselves: but at the present moment, their force is augmented by the necessity which a decreasing revenue must impose. The check lately given to importations of articles subject to duries, the derangements in the operations of internal trade, and especially the reduction gradually taking place in our tariff of dudeed, it is probable that the diminution resulting from the last cause alone, will not fall short of five millions of dollars in the year 1842, as the final re duction of all duties to twenty per cent, then takes effect. The whole revenue then accruing from the customs, and from the sales of public fands, if not more, will undoubtedly be wanted to defray the ne-creary expenses of the Government under the most prudent administration of its affairs. These are cir-cumstances that impose the necessity of rigid economy, and require its prompt and constant exercise. With the Legislature, rest the power and duty of a adjusting the public enpenditure as to promote this end. By the prosisions of the Constitution, it is only in consequence of appropriations made by law, that money can be drawn from the Treasury No instance has occurred since the establishment of the ponent part of the Legislative power, has interposes ground of its extravagance. His duty in this respect has been considered fulfilled by requesting such appropriations only as the public service may be reasonably The joint commission was organized, and adjourned to convene at the same place on the twelfth of October. It is presumed to be now in the performance of its duties.

The new Government of Texas has shown its desire to cultivate friendly relations with

several posts designated by the Secretary of War .-Notwitheranding the high state of their discipline and excellent police, the evils resulting to the service from the deficiency of company officers, were very apparent, and I recommend that the staff officers be permanently

eparated from the line. The very has been usefully and honorably employed in protecting the rights and property of our ci-tizens, wherever the condition of affairs seemed to require its presence. With the exception of one instance, where an outrage, accompanied by murder, was committed on a vessel of the U. States, while enexced in lawful commerce, nothing is known to have curred to impede or molest the enterprise of our cizens on that element where it is so signally displayed. On learning this during act of piracy, Com. Reed proceeded immediately to the spot, and receiving no satisfaction, either in the autrender of the manderers or the restoration of the plundered property, inflicted severe and merited chartisement on the herbarians.

It will be seen by the Report of the Secretary of the Navy respecting the disposition of our ships of the Navy respecting the disposition of our ships of the transfer of the Secretary to station a competent force on the coast of Africa, to prevent a fraudulent use of our flag by foreigners.

Recent experience has shown that the provisions in our existing laws, which relate to the sale and trans er of American vessels while abroad, are extremely elective. Advantage has been taken of these defects a give to vessels wholly belonging to foreigners, and navigating the ocean, an apparent American owner-ship. This character has been so well simulated, as a afford them comparative security in prosecuting the statutes, a traffic emphatically denounced in our statutes, regarded with abhorrence by our citizens, and of which the effectual suppression is nowhere, more sincerely desired than in the United States. These circumstances make it proper to recommend to your mrly attention a careful revision of these laws, so that without impeding the freedom and faci ities of our navigation, or impairing an important branch of our inour flag may be carefully preserved. Inf rantion derived from our Constil at Havanna, showing the necessity of this, was communicated to a committee of late, as it appeared to be acted on. It will be brought to your notice by the proper department, with addi-

The latest accounts from the Exploring Expedition represent it as proceeding successfully jects, and promising results no less useful to trade and navigation than to science.

The extent of post roads covered by mail service on the first of July last, was about 133,999 miles, and the rate of annual transportation upon them, 34, 498 878 miles. The number of Post-Offices on hat day was twelve thousand seven hundred & eighv. and on the 30th ult, thirteen thousand and twen-

The revenue of the Post Office Department for the rear ending 30th June last, was four million four hun-fred and seventy six thousand, six hundred and thirty-eight dollars—exhibiting an increase over the pre-ceding year of two hundred and forty-one thousand ive hundred and sixty dollars. The engagements and Habilities of the Dena riment for the same period are our millions six handred and twenty four thousand me hundred and seventeen dollars.

The excess of liabilities over the revenue for the ast two years has been met out of the surplus which had previously accumulated. The cash on hand on the 30th uit, was about \$206,701 95, 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, 1838, have been set in operation at an annual cost of \$136. 963. Notwithstanding the pecuniary difficulties of

ed by the recent suspension of payment by so many of the banks, it will be able not only to maintain the present mail services 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 rail road and steamboat companies. It appears that the maximum dways will, a warm solicitude for the sucuser of all who are sincerely end-avoring to
improve the political condition of menkind.
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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 convening an extra session of Congress; but in con-sequence of a disagreement between the two Hauses, 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 purpose posses as a crime, a measure attended under other Governments with signal advantage, was also unsuctensful, 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 context of the public mover, without to leave the custody of the public money without those safeguards which have been for several years is only to be found in the action of the Legislature, is only to be found in the action of the negisimure, is imposes on me the duty of again submitting to you the propriety of passing a law providing for the safe keep-ing 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 These circumstances, added to known defects in the existing laws, and unusual deraugement 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 and ease; transfers have been readily made to every part of the Union, how-ever distant; and defalcations have been far less than was 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 defaication of the late collector at that city, of the extent and circumstances of which Congress 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, he usefully referred. traints 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 call 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 claim of agents, have been the greatest by Banks, including, as required in the the greatest by Banks, including, as required in the resolution, their depressated paper received for public dues; that the next largest have been by disbursing officers, and the least by collectors and receivers. If the losses on duty bonds are excluded, they alone will be threefold those 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 the country, the resenue of the Department appears among them, I am enabled to state that in twentywhich undoubted 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. as administration.

In the modes of business and official restraints on disbursing officers, no legal change was produced by the suspension of specie payments. The report last referred to will be found to contain also much useful

nformation in relation to this subject. I have heretofore assigned to Congress my reasons for believing that the establishment of an Independ-ent National Treasury, as contemplated by the Con-stitution, is necessary to the safe action of the Federal Government. The suspension of specie payments in 1887, by the Banks having the custody of the public money, showed in so alarming a degree our depayments on these institutions for the performance of pendence on those institutions for the performance of duties required by law, that I then recommended the entire desolution 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 equipien which may be anticipated on all subjects involving such important considerations,

ing institutions are, it affords me unfeigned ple sure to state, exempted from all blame an 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 seque, the best interests 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 the Banks, mere credit has become too commonly the become horrowers instead of lenders; they establish their agencies abroad; they deal largely in stocks and merchandine; 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, stiditional means for every variety of speculation. The disasters attendant on this deviation from the former course of business in this country, are now shared alike by the Banks and individuals, to are now shared alike by the Banks and individuals, to an extent of which there is perhaps no previous exam-ple in the history of our country. So long as a wil-linguess of the foreign lender, and a sufficient export of our productions to meet any necessary partial pay-ments, leave the flow of credit undisturbed, all appears do our productions to meet any necessary partial payments, leave the flow of credit undisturbed, all appears to be prosperous; but as soon as it is checked by any hesitation aboud, 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 allow 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 sheir obligations by the Banks, a refusal to pay specie for their notes, and an imposition mon the community of a fluctuating and depreciated currency.

These circumstances are inherent in the present system, in They are not influenced by the Banks being large or small, created by National or State Governments. They are not afficenced by the Banks being large or small, created by 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 toundaries and great prosperity—not merely unable to resist these effects, but the first to viold to them. Nor is it to be overtooked, that there exists a chain of necessary dependa

of its debts for circulation and deposites, is not merely on others in its own vicinity, but on all those which connect it with the centre of trade. Distant Banks may fail, without seriously affecting those in our principal commercial cities; but the failure of the latter is felt at the extremities of the Union. The suspension at New-York, in 1837, was every where, with very few exceptions, followed, as soon as it was known;—that revently at Philadelphia immediately affected the Banks of the Bouth 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 at that centre to which empreciandize, hold the power of controlling those in regions whence it comes, while the latter possess the means of restraining them, so that the value of individual property, and the prosperity of trade, through the whole interior of the country, we made to depend out the good or bad management of the Banking institutions in the great seats of tade on the scalepard.

But this chain of dependence does not stop here—lit does not terminate at Philadelphia or New-York. It resches across the ocum, and unds in Landon, the centre of the credit system. The mane laws of trade, which give to the banks in our principal cities power.