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EDITOR AND PROPRIETOR.

TERMS.
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MESSAGE

FROM THE
President of the United States,
To the two Houses of Congress, at the
commencement of the Second Session of the
twenty-fifth Congress.

**Follow Citizens of the Senate
and House of Representatives:**

We have reason to renew the expression of our devout gratitude to the GIVER OF ALL GOOD for his benign protection. Our country presents, on every side, the evidences of that continued favor, under whose auspices it has gradually risen from a feeble and dependent Colony to a prosperous and powerful Confederacy. We are blessed with domestic tranquility. The elements of national prosperity, some flourishing, some in bud, some interrupted by the general prevalence of unusual health, has happily been limited in extent, and arrested in its fatal career. The industry and prudence of our citizens are gradually relieving them from the pecuniary embarrassments under which portions of them have labored; judicious legislation, and the natural and boundless resources of the country, have afforded wise and timely aid to private enterprise; and the activity always characteristic of our people, has already, in a great degree, resumed its usual and profitable channels.

The condition of our foreign relations has not materially changed since the last annual message of my predecessor. We remain at peace with all nations; and no efforts on my part, consistent with the preservation of our rights and the honor of the country, shall be spared to maintain a position so consonant to our institutions. We have faithfully sustained the foreign policy with which the United States, under the guidance of their first President, took their stand in the family of nations—that of regulating their intercourse with other Powers by the approved principles of private life; asking and according equal rights and equal privileges; rendering aid and demanding justice in all cases; advancing their own, and discussing the pretensions of others, with candor, directness, and sincerity; appealing at all times to reason, but never yielding to force, nor seeking to acquire any thing for themselves by its exercise.

A rigid adherence to this policy has left this Government with scarcely a claim upon its justice, for injuries arising from acts committed by its authority. The most imposing and perplexing of those of the United States upon foreign Governments, for aggressions upon our citizens, were disposed of by my predecessor. Independently of the benefits conferred upon our citizens by restoring to the mercantile community so many millions of which they had been wrongfully divested, a great service was also rendered to his country by the satisfactory adjustment of so many ancient and irritating subjects of contention; and it reflects no ordinary credit on his successful administration of public affairs, that this great object was accomplished, without compromising, on any occasion, either the honor, or the peace of the nation.

With European powers no new subjects of difficulty have arisen; and those which were under discussion, although not terminated, do not present a more unfavorable aspect for the future preservation of that good understanding, which it has ever been our desire to cultivate.

Of pending questions, the most important is that which exists with the Government of Great Britain, in respect to our northeastern boundary. It is with unfeigned regret, that the people of the United States must look back upon the abortive efforts made by the Executive, for a period of more than half a century, to determine, what no nation should suffer long to remain in dispute, the true line which divides its possessions from those of other powers. The nature of the settlements on the borders of the United States, and of the neighboring territory, was for a season such, that this perhaps was not indispensable to a faithful performance of the duties of the Federal Government. Time has, however, changed this state of things; and has brought about a condition of affairs, in which the true interests of both countries imperatively require that this question should be put at rest. It is not to be disguised, that with full confidence, often expressed, in the desire of the British Government to terminate it, we are apparently as far from its adjustment as we were at the time of signing the treaty of peace in

1783. The sole result of long pending negotiations, and a perplexing arbitration, appears to be a conviction, on its part, that a conventional line must be adopted, from the impossibility of ascertaining the true one according to the description contained in that treaty. Without coinciding in this opinion, which is not thought to be well founded, my predecessor gave the strongest proof of the earnest desire of the United States to terminate satisfactorily this dispute, by proposing the substitution of a conventional line, if the consent of the States interested in the question could be obtained. To this proposition, no answer has as yet been received. The attention of the British Government has, however, been urgently invited to the subject, and its reply cannot, I am confident, be much longer delayed. The general relations between Great Britain and the United States are of the most friendly character, and I am well satisfied of the sincere disposition of that Government to maintain them upon their present footing. This disposition has also, I am persuaded, become more general with the people of England than at any previous period. It is scarcely necessary to say to you, how cordially it is reciprocated by the Government and people of the U. States. The conviction which must be common to all, of the injurious consequences that result from keeping open this irritating question, and the certainty that its final settlement cannot be much longer delayed, will, I trust, lead to an early and satisfactory adjustment. At your last session, I laid before you the recent communications between the two Governments, and between this Government and that of the State of Maine, in whose solicitude, concerning a subject in which she has so deep an interest, every portion of the Union participates.

The feelings produced by a temporary interruption of those harmonious relations between France and the United States, which are due as well to the recollections of former times as to a correct appreciation of existing interests, have been happily succeeded by a cordial disposition on both sides to cultivate an active friendship in their future intercourse. The opinion, undoubtedly correct, and steadily entertained by us, that the commercial relations at present existing between the two countries, are susceptible of great and reciprocally beneficial improvements, is obviously gaining ground in France; and I am assured of the disposition of that Government to favor the accomplishment of such an object. This disposition shall be met in a proper spirit on our part. The few and comparatively unimportant questions that remain to be adjusted between us, can, I have no doubt, be settled with entire satisfaction, and without difficulty.

Between Russia and the U. States, sentiments of good will continue to be mutually cherished. Our Minister recently accredited to that Court, has been received with a frankness and cordiality, and with evidences of respect for his country, which leave us no room to doubt the preservation in future of those amicable and liberal relations which have so long and so uninterceptedly existed between the two countries. On the few subjects under discussion between us, an early and just decision is confidently anticipated.

A correspondence has been opened with the Government of Austria, for the establishment of diplomatic relations, in conformity with the wishes of Congress, as indicated by an appropriation act of the session of 1837, and arrangements made for the purpose, which will be duly carried into effect.

With Austria and Prussia, and with the States of the German empire, now composing with the latter the Commercial League, our political relations are of the most friendly character, whilst our commercial intercourse is gradually extending, with benefit to all who are engaged in it.

Civil war yet rages in Spain, producing intense suffering to its own people, and to other nations inconvenience and regret. Our citizens who have claims upon that country will be prejudiced for a time by the condition of its Treasury, the inevitable consequence of long continued and exhausting internal wars. The last instalment of the interest of the debt due under the convention with the Queen of Spain has not been paid; and similar failures may be expected to happen, until a portion of the resources of her kingdom can be devoted to the extinguishment of its foreign debt.

Having received satisfactory evidence that discriminating tonnage duties were charged upon the vessels of the United States in the ports of Portugal, a proclamation was issued on the 11th day of October last, in compliance with the act of May 25, 1832, declaring that fact; and the duties on foreign tonnage which were levied upon Portuguese vessels in the United States, previously to the passage of that act, are accordingly revived.

The act of July 4, 1836, suspending the discriminating duties upon the produce of Portugal imported into this country in Portuguese vessels, was

passed upon the application of that Government, through its representative here, under the belief that no similar discrimination existed in Portugal to the prejudice of the United States. I regret to state that such duties are now exacted in that country, upon the cargoes of American vessels; and as the act referred to vests no discretion in the Executive, it is for Congress to determine upon the expediency of farther legislation on the subject. Against these discriminations, affecting the vessels of this country and their cargoes, reasonable remonstrance was made, and notice was given to the Portuguese Government, that unless they should be discontinued, the adoption of countervailing measures on the part of the United States would become necessary; but the reply of that Government, received at the Department of State through our Charge d'Affairs at Lisbon, in the month of September last, afforded no ground to hope for the abandonment of a system, so little in harmony with the treatment shown to the vessels of Portugal and their cargoes in the ports of this country, and so contrary to the expectations we had a right to entertain.

With Holland, Sweden, Denmark, Naples, and Belgium, a friendly intercourse has been uninterruptedly maintained.

With the Government of the Ottoman Porte and its dependencies on the coast of the Mediterranean, peace and good will are carefully cultivated, and have been fostered by such good offices as the relative distance and the condition of those countries would permit. Our commerce with Greece is carried on under the laws of the two Governments, reciprocally beneficial to the navigating interests of both, and I have reason to look forward to the adoption of other measures which will be more extensively and permanently advantageous.

Copies of the treaties concluded with the Governments of Siam and Muscat are transmitted for the information of Congress, the ratifications having been received, and the treaties made public, since the close of the last annual session. Already have we reason to congratulate ourselves on the prospect of considerable commercial benefit; and we have, besides, received from the Sultan of Muscat prompt evidence of his desire to cultivate the most friendly feelings, by liberal acts toward one of our vessels, bestowed in a manner so striking as to require on our part a grateful acknowledgment.

Our commerce with the Islands of Cuba and Port Rico still labours under heavy restrictions, the continuance of which is a subject of regret. The only effect of an adherence to them will be to benefit the navigation of other countries, at the expense both of the United States and Spain.

The independent nations of this continent have, ever since they emerged from the colonial state, experienced severe trials in their progress to the permanent establishment of liberal political institutions. Their unsettled condition not only interrupts their own advances to prosperity, but has often seriously injured the other powers of the world. The claims of our citizens upon Peru, Chili, Brazil, the Argentine Republic, the Governments formed out of the Republics of Colombia, and Mexico, are still pending, although many of them have been presented for examination more than twenty years. New Granada, Venezuela, and Ecuador, have recently formed a convention for the purpose of ascertaining and adjusting claims upon the Republic of Colombia, from which it is earnestly hoped our citizens will, ere long, receive full compensation for the injuries originally inflicted upon them, and for the delay in affording it.

An advantageous treaty of commerce has been concluded by the United States with the Peru-Bolivian Confederation, which wants only the ratification of that Government. The progress of a subsequent negotiation for the settlement of claims upon Peru, has been unfavorably affected by the war between that Power and Chili, and the Argentine Republic; and the same event is also likely to produce delays in the settlement of our demands on those powers.

The aggravating circumstances connected with our claims upon Mexico, and a variety of events touching the honor and integrity of our Government led my predecessor to make, at the second session of the last Congress, a special recommendation of the course to be pursued to obtain a speedy and final satisfaction of the injuries complained of by this Government and our citizens. He recommended a final demand of redress, with a contingent authority to the Executive to make reprisals, if that demand should be made in vain. From the proceedings of Congress on that recommendation, it appeared, that the opinion of both branches of the Legislature coincided with that of the Executive, that any mode of redress known to the law of nations might justifiably be used. It was obvious, too, that Congress be lieved, with the President, that another demand should be made, in order to

give undeniable and satisfactory proof of our desire to avoid extremities with a neighboring power; but that there was an indisposition to vest a discretionary authority in the Executive to take redress, should it unfortunately be either denied or unreasonably delayed by the Mexican Government. So soon as the necessary documents were prepared, after entering upon the duties of my office, a special messenger was sent to Mexico, to make a final demand of redress, with the documents required by the provisions of our treaty. The demand was made on the 20th of July last. The reply, which bears date the 29th of the same month, contains assurances of a desire, on the part of that Government, to give a prompt and explicit answer respecting each of the complaints; but that the examination of them would necessarily be deliberate; that in this examination, it would be guided by the principles of public law and the obligation of treaties; that nothing should be left undone that might lead to the most speedy and equitable adjustment of our demands; and that its determination, in respect to each case, should be communicated through the Mexican Minister here.

Since that time, an envoy Extraordinary and Minister Plenipotentiary has been accredited to this Government by that of the Mexican Republic. He brought with him assurances of a sincere desire that the pending differences between the two Governments should be terminated in a manner satisfactory to both. He was received with reciprocal assurances; and a hope was entertained that his mission would lead to a speedy, satisfactory, and final adjustment of all existing subjects of complaint. A sincere believer in the wisdom of the pacific policy by which the United States have always been governed in their intercourse with foreign nations, it was my particular desire, from the proximity of the Mexican Republic, and well known occurrences on our frontier, to be instrumental in obviating all existing difficulties with that Government, and in restoring to the intercourse between the two Republics, that liberal and friendly character by which they should always be distinguished. I regret, therefore, the more deeply to have found in the recent communications of that Government so little reason to hope that any future efforts of mine for the accomplishment of those desirable objects would be successful.

Although the larger number, and many of them aggravated cases of personal wrongs have been now for years before the Mexican Government, and some of the causes of national complaint, and those of the most offensive character, admitted of immediate, simple and satisfactory replies, it is only within a few days past that any specific communication in answer to our last demand, made five months ago, has been received from the Mexican Minister. By the report of the Secretary of State, herewith presented, and the accompanying documents, it will be seen, that for not one of our public complaints has satisfaction been given or offered; that but one of the cases of personal wrong has been favorably considered; and that but four cases of both descriptions, out of all those formally presented, and earnestly pressed, have as yet been decided upon by the Mexican Government.

Not perceiving in what manner any of the powers given to the Executive alone could be further usefully employed in bringing this unfortunate controversy to a satisfactory termination, the subject was by my predecessor referred to Congress, as one calling for its interposition. In accordance with the clearly understood wishes of the Legislature, another and formal demand for satisfaction has been made upon the Mexican Government, with what success the documents now communicated will show. On a careful and deliberate examination of their contents, and considering the spirit manifested by the Mexican Government, it has become my painful duty to return the subject, as it now stands, to Congress, to whom it belongs, to decide upon the time, the mode, and the measure of redress. Whatever may be your decision, it shall be faithfully executed, confident that it will be characterized by that moderation and justice, which will, I trust, under all circumstances, govern the councils of our country.

The balance in the Treasury on the first day of January, 1837, was forty-five million nine hundred and sixty-eight thousand five hundred and twenty-three dollars. The receipts during the present year from all sources, including the amount of Treasury notes issued, are estimated at twenty-three millions four hundred and ninety-nine thousand nine hundred and eighty-one dollars, constituting an aggregate of sixty-nine million four hundred and sixty-eight thousand five hundred and four dollars. Of this amount, about thirty-five millions two hundred and eighty-one thousand three hundred and sixty-one dollars will be expended at the end of the year on appropriations made by Congress; and the residue, amounting to thirty-four million one hundred and eighty-seven thousand one hundred

and forty-three dollars, will be the nominal balance in the Treasury on the first of January next. But of that sum, only one million eighty-five thousand four hundred and ninety-eight dollars is considered as immediately available for, and applicable to, public purposes. Those portions of it which will be for some time unavailable, consist chiefly of sums deposited with the States, and due from the former deposit banks. The details upon this subject will be found in the annual report of the Secretary of the Treasury. The amount of Treasury notes, which it will be necessary to issue during the year on account of those funds being unavailable, will, it is supposed, not exceed four and a half millions. It seemed proper, in the condition of the country, to have the estimates on all subjects made as low as practicable, without prejudice to any great public measures. The Departments were, therefore, desired to prepare their estimates accordingly, and I am happy to find that they have been able to graduate them on so economical a scale. In the great and often unexpected fluctuations to which the revenue is subjected, it is not possible to compute the receipts beforehand with great certainty; but should they not differ essentially from present anticipations, and should the appropriations not much exceed the estimates, no difficulty seems likely to happen in defraying the current expenses with promptitude and fidelity. Notwithstanding the great embarrassments which have recently occurred in commercial affairs, and the liberal indulgence which, in consequence of these embarrassments, has been extended to both the merchants and the banks, it is gratifying to be able to anticipate that the Treasury notes, which have been issued during the present year, will be redeemed, and that the resources of the Treasury, without any resort to loans or increased taxes, will prove ample for defraying all charges imposed on it during 1838.

The Report of the Secretary of the Treasury will afford you a more minute exposition of all matters connected with the administration of the finances during the current year; a period which, for the amount of public moneys disbursed and deposited with the States, as well as the financial difficulties encountered and overcome, has few parallels in our history. Your attention was, at the last session, invited to the necessity of additional legislative provisions in respect to the collection, safe-keeping, and transfer of the public money. No law having been then matured, and not understanding the proceedings 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 performing 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 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 accomplishment through the agency of public officers. Considering the opinions of both Houses of Congress on the two first propositions as expressed in the negative, in which I entirely concur, it is unnecessary 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 practical operation of such parts of it as are now in force, but also to discover what should ever be sought for and regarded 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 servant. Since the measure in question was submitted to your consideration, most of you have enjoyed the advantage of personal communication with your constituents. For one State only has an election been held for the Federal Government; but the early day at which it took place, deprives the measure 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 discussed. You will, I am confident, yield to their results the respect due to every expression 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 forfeiture—other large portions upheld only by special and limited legislative indulgences—and most of it, if not all,

to a greater or less extent, dependent for a continuance of its corporate existence upon the will of the State Legislatures to be then chosen. Appraised of this circumstance, you will judge, whether it is not most probable that the peculiar condition of that vast interest in these respects, 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 canvass, have exercised a far greater influence 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 adopting the system proposed, being perfectly satisfied that there will be neither stability nor safety, either in the fiscal affairs of the Government, or in the pecuniary transactions of individuals and corporations, so long as a connection 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 unbiassed exercise of political opinion—the only sure foundation and safeguard of republican government—would be exposed by any further increase of the already overgrown influence 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 established and conducted, are highly useful to the business of the country, and will continue to exist in the States, so long as they conform to their laws, and are found to be safe and beneficial. How they should be created, what privileges they should enjoy, under what restrictions they should act, and to what 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 Government 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 Constitution, 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 institutions 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 consideration is, to avoid for the future a compulsory connection of this kind. It proposes 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 uses of private trade, and confide them to agents constitutionally selected and controlled by law; 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 concerns of the Treasury; to preserve the measures of the Government from the unavoidable reproaches that flow from such a connection, and the banks themselves from the injurious effects of a supposed participation in the political conflicts of the day, from which they will otherwise find it difficult to escape.

These are my views upon this important subject; formed after careful reflection, 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 deference for the opinions of others. It was hardly to be hoped that changes so important, on a subject so interesting, could be made without producing a serious diversity of opinion; but so long as those conflicting views are kept above the influence of individual or local interests; 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 decisive in the one, and salutary to the other. In any case, I may confidently rely upon your operation to the full sense of duty will be observed. It is obvious, that the branch of the business