

three million two hundred thousand three hundred and thirty dollars in the year 1850, and showing that upwards of two millions and a half of the notes of the bank were then left outstanding. The impropriety of this procedure is obvious: it being the duty of the bank to cancel and put to rest the notes of an institution, whose concerns it has undertaken to wind up. If the trustee has a right to release these notes now, I can see no reason why it may not continue to do so after the expiration of the five years. As no one could have anticipated a course so extraordinary, the prohibitory clause of the charter above quoted was not accompanied by any penalty or other special provision for enforcing it, nor have we any general law for the prevention of similar acts in future.

But it is not in this view of the subject alone that your interposition is required. The United States is settling with the trustee for their stock, have withdrawn their funds from their former direct liability to the creditors of the old Bank, yet notes of the institution continue to be sent forth in its name, and apparently upon the authority of the United States. The transactions connected with the employment of the bills of the old bank are of vast extent; and should they result unfortunately, the interests of individuals may be deeply compromised. With out undertaking to decide how far, or in what form, if any, the trustee could be made liable for notes which contain no obligation on its part; or the old bank, for such as are put in circulation after the expiration of its charter, and without its authority; or the Government for indemnity, in case of loss, the question still presses itself upon your consideration, whether it is consistent with duty and good faith on the part of the Government, to witness this proceeding without a single effort to arrest it.

The report of the Commissioner of the General Land Office, which will be laid before you by the Secretary of the Treasury, will show how the affairs of that office have been conducted for the past year. The disposition of the public lands is one of the most important trusts confided to Congress. The practicability of retaining the title and control of such extensive domains in the General Government, and at the same time admitting the Territories embracing them into the Federal Union as co-equals with the original States, was seriously doubted by many of our wisest statesmen. All feared that they would become a source of discord, and many eried their apprehensions so far as to see in them the seeds of a future dissolution of the Confederacy. But happily our experience has already been sufficient, to quiet in a great degree, all such apprehensions. The position at one time assumed, that the admission of new States into the Union on the same footing with the original States, was incompatible with a right of soil in the United States, and operated as a surrender thereof, notwithstanding the terms of the compact by which their admission was designed to be regulated—has been wisely abandoned. Whether in the new or the old States, all now agree that the right of soil to the public lands remain in the Federal Government, and that these lands constitute a common property, to be disposed of for the common benefit of all the States, old and new. Acquiescence in this just principle by the people of the new States has naturally promoted a disposition to adopt the most liberal policy in the sale of public lands. A policy which should be limited to the mere object of selling the lands for the greatest possible sum of money, without regard to higher considerations, finds but few advocates. On the contrary, it is generally conceded, that whilst the mode of disposition adopted by the Government, should always be a prudent one, yet its leading object ought to be the early settlement and cultivation of the lands sold; and that it should discountenance, if it cannot prevent, the accumulation of large tracts in the same hands, which must necessarily retard the growth of the new States, or entail upon them a dependent tenantry, and its attendant evils.

A question embracing such important interests, and so well calculated to enlist the feelings of the people in every quarter of the Union, has very naturally given rise to numerous plans for the improvement of the existing system. The distinctive features of the policy that has hitherto prevailed, are, to dispose of the public lands at moderate prices, thus enabling a greater number to enter into competition for their purchase, and accomplishing a double object of promoting their rapid settlement by the purchasers, and at the same time increasing the receipts of the Treasury; to sell for cash, thereby preventing the disturbing influence of a large mass of private citizens indebted to the Government, which they have a voice in controlling; to bring them into market no faster than good lands are supposed to be wanted for improvements, thereby preventing the accumulation of large tracts in few hands; and to apply the proceeds of the sales to the general purposes of the Government; thus diminishing the amount to be raised from the people of the States by taxation, and giving each State its portion of the benefits to be derived from this common fund in a manner the most quiet, and at the same time, perhaps, the most equitable, that can be devised. These provisions, with occasional enactments in behalf of special interests deemed entitled to the favor of

the Government, have, in the execution, produced results as beneficial upon the whole as could reasonably be expected in a matter so vast, so complicated, and so exciting. Upwards of twenty millions of acres have been sold, the greater part of which is believed to have been purchased for actual settlement. The population of the new States and Territories created out of the public domain, increased between 1800 and 1830, from less than sixty thousand to upwards of two millions three hundred thousand souls, constituting at the latter period, about one-fifth of the whole people of the United States. The increase since cannot be actually known, but the whole may now be safely estimated at over three and a half millions of souls, composing nine States, the representatives of which constitute above one-third of the Senate, and over one-sixth of the House of Representatives of the United States.

Thus has been formed a body of free and independent landholders, with a rapidly unequalled in the history of mankind; and this great result has been produced without leaving anything for future adjustment between the Government and its citizens. The system under which so much has been accomplished cannot be intrinsically bad, and with occasional modifications, to correct abuses and adapt it to changes of circumstances, may, I think, be safely trusted for the future. There is, in the management of such extensive interests, much virtue in stability, and although great and obvious improvements should not be declined, changes should never be made without the fullest examination, and the clearest demonstration of their practical utility. In the history of the past, we have an assurance that this safe rule of action will not be departed from in relation to the public lands; nor is it believed that any necessity exists for interfering with the fundamental principles of the system, or that the public mind, even in the new States, is desirous of any radical alterations. On the contrary, the general disposition appears to be, to make such modifications and additions only as will the more effectually carry out the original policy of filling our new States and Territories with an industrious and independent population.

The modification most perseveringly pressed upon Congress, which has occupied so much of its time for years past, and will probably do so for a long time to come, if not sooner satisfactorily adjusted, is a reduction in the cost of such portions of the public lands as are ascertained to be unsaleable at the rate now established by law, and a graduation, according to their relative value, of the prices at which they may hereafter be sold. It is worthy of consideration whether justice may not be done to every interest in this matter, and a vexed question set at rest, perhaps forever, by a reasonable compromise of conflicting opinions. Hitherto, after being offered at public sale, lands have been disposed of at one uniform price, whatever difference there might be in their intrinsic value. The leading considerations urged in favor of the measures referred to, are, that in almost all the land districts, and particularly in those in which the lands have been long surveyed and exposed to sale, there are still remaining numerous and large tracts of every gradation of value, from the Government price downward; that these lands will not be purchased at the Government price, so long as better can be conveniently obtained for the same amount; that there are large tracts which even the improvements of the adjacent lands will never raise to that price; and that the present uniform price, combined with their irregular value, operates to prevent a desirable compactness of settlement in the new States, and to retard the full development of that wise policy on which our land system is founded, to the injury not only of the several States where the lands lie, but of the United States as a whole.

The remedy proposed has been a reduction of prices according to the length of time the lands has been in market, without reference to any other circumstances. The certainty that the efflux of time would not always in such cases, and perhaps not even generally, furnish a true criterion of value; and the probability that persons residing in the vicinity, as the period for the reduction of prices approached, would postpone purchases they would otherwise make, for the purpose of availing themselves of the low price, with other considerations of a similar character, have hitherto been successfully urged to defeat the graduation upon time.

May not all reasonable desires upon this subject be satisfied without encountering any of these objections? All will concede the abstract principle, that the price of the public lands should be proportioned to their relative value, so far as that can be accomplished without departing from the rule heretofore observed, requiring fixed prices in cases of private entries. The difficulty of the subject seems to lie in the mode of ascertaining what that value is. Would not the safest plan be that which has been adopted by many of the States as the basis of taxation—an actual valuation of land, and classification of them into different rates? Would it not be practicable and expedient to cause a relative value of the public lands in the old districts, which have been for a certain length of time in market, to be appraised, and classed into two or more rates below the present minimum price, by the officers now employed in this branch of the public service, or in any other mode deemed practicable and to make those prices per

cent of the value of the land, and leave the matter to the discretion of the local proprietors, and leave them to settle their own affairs on their own responsibility? Cannot all the objects of graduation be accomplished in this way, and the objections which have hitherto been urged against it avoided? It would seem to me that such a step, with a restriction of the sale to limited quantities, and for actual improvement, would be free from all just exception.

By the full exposition of the value of the funds thus furnished and extensively promulgated, persons living at a distance would be informed of their true condition and enabled to enter into competition with those residing in the vicinity; the means of acquiring an independent home would be brought within the reach of many who are unable to purchase at present prices, the population of the new States would be more compact, and large tracts would be sold which would otherwise remain on hand; not only would the land be brought within the means of a larger number of purchasers but many persons possessed of greater means would be content to settle on a larger quantity of the poorer lands, rather than emigrate further West in a pursuit of a smaller quantity of better lands. Such a measure would also seem to be more consistent with the policy of the existing laws—that of converting the public domain into cultivated farms owned by their occupants. That policy is not best promoted by sending emigration up the almost interminable streams of the West, to occupy in groups the best spots of land, leaving immense wastes behind them, and enlarging the frontier beyond the means of the Government to afford it adequate protection; but in encouraging it to occupy, with reasonable denseness, the territory over which it advances, and find its best defence in the compact front, which it presents to the Indian tribes. Many of you will bring to the consideration of the subject the advantages of local knowledge and greater experience, and all will be desirous of making an early and final disposition of every disturbing question in regard to this important interest. If these suggestions shall in any degree contribute to the accomplishment of so important a result, it will afford me sincere satisfaction.

In some sections of the country, most of the public lands have been sold, and the registers and receivers have very little to do. It is a subject worthy of inquiry whether, in many cases, two or more districts may not be consolidated, and the number of persons employed in this business considerably reduced. Indeed, the time will come when it will be the true policy of the General Government, as to some of the States, to transfer to them, for a reasonable equivalent, all the refuse and unsold lands, and to withdraw the machinery of the federal land offices altogether. All who take a comprehensive view of our federal system, and believe that one of its greatest excellencies consists in interfering as little as possible with the internal concerns of the States, look forward with great interest to this result.

A modification of the existing laws in respect to the prices of the public lands, might also have a favorite influence on the legislation of Congress, in relation to another branch of the subject. Many who have not the ability to buy at present prices, settle on those lands, with the hope of acquiring from their cultivation the means of purchasing under pre-emption laws; from time to time passed by Congress. For this encroachment on the rights of the United States, they excuse themselves under the plea of their own necessities; the fact that they dispossess no body, and only enter upon the waste domain; that they give additional value to the public lands in their vicinity, and their intention ultimately to pay the Government price. So much weight has from time to time been attached to these considerations, that Congress have passed laws giving actual settlers on the public lands a right of pre-emption to the tracts occupied by them at the minimum price. These laws have in all instances been retrospective in their operation; but in a few years after their passage, crowds of new settlers have been found on the public lands, for similar reasons, and under like expectations, who have been indulged with the same privileges. This course of legislation tends to impair public respect for the laws of the country. Either the laws to prevent intrusion upon the public lands should be executed, or, if that should be impracticable or inexpedient, they should be modified or repealed. If the public lands are to be considered as open, to be occupied by any, they should, by law, be thrown open to all. That which is intended in all instances, to be legalized should at once be made legal, that those who are disposed to conform to the laws may enjoy at least equal privileges with those who are not. But it is not believed to be the disposition of Congress to open the public lands to occupancy, without regular entries and payment of the Government price, as such a course must tend to worse evils than the credit system, which it was found necessary to abolish. It would seem, therefore, to be the part of wisdom and sound policy to remove, as far as practicable, the causes which produce intrusions upon the public lands, and then take efficient steps to prevent them in future. Would any single measure be so effective in removing all plausible grounds for those intrusions as the graduation of price already suggested?—A short period of industry and economy in any part of the country would enable the poorest citizen to accumulate the

means to buy a tract at the lower prices, and leave him to settle his own affairs on his own responsibility. If he did not, under such circumstances, he would enlist no sympathy in his favor, and the laws would be readily executed, without doing violence to public opinion.

A large portion of one citizen has set themselves on the public lands, without authority, since the passage of the last pre-emption law, and now ask the enactment of another to enable them to retain the lands occupied, ask that which has been repeatedly granted before. If the future may be judged of by the past, little harm can be done to the interests of the Treasury by yielding to their request. Upon critical examination, it is found that the lands sold at the public sales since the introduction of cash payments in 1830, have produced on an average, the net revenue of only six cents an acre more than the minimum Government price. There is no reason to suppose that future sales will be more productive. The Government, therefore, has no adequate pecuniary interest to induce it to drive these people from the lands they occupy, for the purpose of selling them to others.

Entertaining these views, I recommend the passage of a pre-emption law for their benefit, in connexion with the preparatory steps toward the graduation of the price of the public lands, and further and more effectual provisions to prevent intrusions hereafter. Indulgence to those who have settled on these lands with expectations that past legislation would be made a rule for the future, and at the same time removing the most plausible ground on which intrusions are excused, and adopting more efficient means to prevent them hereafter, appear to me the most judicious disposition which can be made of this difficult subject. The limitations and restrictions to guard against abuses in the execution of a pre-emption law, will necessarily attract the careful attention of Congress; but under no circumstances is it considered expedient to authorize floating claims in any shape. They have been heretofore, and doubtless would be hereafter, most prolific sources of fraud and oppression, and instead of operating to confer the favor of the Government on industrious settlers, are often used only to minister to a spirit of cupidity at the expense of the most meritorious of that class.

The accompanying report of the Secretary of War will bring to your views the state of the Army, and all the various subjects confided to the superintendance of that officer.

The principal part of the Army has been concentrated in Florida, with a view, and in the expectation, of bringing the war in that Territory to a speedy close. The necessity of stripping the posts on the maritime and inland frontiers of their entire garrisons, for the purpose of assembling in the field an army of less than four thousand men, would seem to indicate the necessity of increasing our regular forces; and the superior efficacy, as well as greatly diminished expense of that description of troops, recommend this measure as one of economy as well as of expediency. I refer to the report for reasons which have induced the Secretary of War to urge the reorganization and enlargement of the staff of the Army, and of the ordnance corps, in which I fully concur.

It is not, however, compatible with the interest of the people to maintain, in time of peace, a regular force adequate to the defence of our extensive frontiers. In periods of danger and alarm, we must rely principally upon a well organized militia, and some general arrangement that will render this description of force more efficient, has long been a subject of anxious solicitude. It was recommended to the first Congress by Gen. Washington, and has been since frequently brought to your notice, and recently its importance strongly urged by my immediate predecessor. The provision in the Constitution that renders it necessary to adopt a uniform system of organization for the militia throughout the United States, presents an insurmountable obstacle to an efficient arrangement by the classification heretofore proposed, and I invite your attention to the plan which will be submitted by the Secretary of War, for the organization of volunteer corps, and the instruction of militia officers, as more simple and practicable, if not equally advantageous, as a general arrangement of the whole militia of the United States.

A moderate increase of the corps, both of military and topographical engineers, has been more than once recommended by my predecessor; and my conviction of the propriety, not to say necessity, of the measure, in order to enable them to perform the various and important duties imposed upon them, induces me to repeat the recommendation.

The Military Academy continues to answer all the purposes of its establishment; and not only furnishes well-educated officers to the army, but serves to diffuse throughout the mass of our citizens, individuals possessed of military of civil and military engineering. At present, the cadet is bound, with consent of his parents or guardians, to remain in service five years from the period of his enlistment, unless sooner discharged; thus exacting only one year's service in the army after his education is completed. This does not appear to me sufficient. Government ought to command for a longer period the services of those who are educated at the public expense; and I

recommend that the time of enlistment be extended to seven years, and the terms of the engagements strictly enforced.

The creation of a national fund for the Army and Navy of the United States, has been heretofore recommended, and appears to be required in order to place our ordnance upon an equal footing with that of other countries, and to enable that branch of the service to control the prices of those articles, and graduate the supplies to the wants of the Government, as well as to regulate their quality and ensure their uniformity. The same reasons induce me to recommend the erection of a manufactory of gunpowder, to be under the direction of the Ordnance office. The establishment of a manufactory of small arms west of the Alleghany mountains, upon the plan proposed by the Secretary of War, will contribute to extend throughout that country the improvements which exist in establishments of a similar description in the Atlantic States, and tend to a much more economical distribution of the armament required in the Western portion of our Union.

The report of the Postmaster General exhibits the progress and condition of the mail service. The operations of the Post Office Department constitute one of the most active elements of our national prosperity, and it is gratifying to observe with what vigor they are conducted. The mail routes of the United States cover an extent of about one hundred and forty-two thousand eight hundred and seventy-seven miles, having been increased about thirty-seven thousand one hundred and three miles within the last two years. The annual mail transportation on these routes is about thirty-six millions two hundred and twenty-eight thousand nine hundred and sixty-two miles, having been increased about ten million three hundred and fifty-nine thousand four hundred and seventy-six miles within the same period. The number of post offices has also been increased from ten thousand seven hundred and seventy to twelve thousand and ninety-nine, very few of which receive the mails less than once a week, and a large portion of them daily. Contractors and Post Masters in general are represented as attending to their duties with most commendable zeal and fidelity.

The revenue of the Department, within the year ending on the 13th June last, was four millions one hundred and thirty-seven thousand and fifty-six dollars and fifty-nine cents; and its liabilities accruing within the same time were three millions three hundred and eighty thousand eight hundred and forty-seven dollars and seventy-five cents. The increase of revenue over that of the preceding year was seven hundred and eight thousand one hundred and sixty-six dollars and forty-one cents.

For many interesting details, I refer you to the report of the Post Master General, with the accompanying paper. Your particular attention is invited to the necessity of providing a more safe and convenient building for the accommodation of that Department.

I lay before Congress copies of reports submitted in pursuance of a call made by me upon the heads of Departments, for such suggestions as their experience might enable them to make as to what further legislative provisions may be advantageously adopted to secure the faithful application of moneys to the objects for which they are appropriated; to prevent their misapplication or embezzlement by those entrusted with the expenditure of them; and generally to increase the security of the Government against losses in their disbursement. It is needless to dilate on the importance of providing such new safeguards as are within the power of legislation to promote those ends; and I have little to add to the recommendations submitted in the accompanying papers.

By law, terms of service of our most important collecting and disbursing officers in the civil departments are limited to four years, and when re-appointed, their bonds are required to be renewed.

The safety of the public is much increased by this feature of the law, and there can be no doubt that its application to all officers entrusted with the collection or disbursement of the public money, whatever may be the tenure of their offices, would be equally beneficial. I therefore recommend, in addition to such of the suggestions presented by the heads of Departments, as you think useful, a general provision, that all officers of the Army or Navy, or in the Civil Department, entrusted with the receipt or payment of public money, and whose term of service is either unlimited or for a longer time than four years, be required to give bonds, with good and sufficient securities, at the expiration of every such period.

A change in the period of terminating the fiscal year, from the first of October to the first of April, has been frequently recommended, and appears to be desirable.

The distressing casualties in steam boats, which have so frequently happened during the year, seem to evince the necessity of attempting to prevent them, by means of severe provisions connected with their custom house papers. The subject was submitted to the attention of Congress by the Secretary of the Treasury in his last annual report, and will be again at the present session, with additional details. It will doubtless receive that early and careful consideration which its pressing importance appears to require.