

have also ceded a tract of four miles square, including the Saltsprings near the mouth of that river.

In the department of finance, it is with pleasure I inform you that the receipts of external duties, for the last twelve months, have exceeded those of any former year, and that the ratio of increase has been also greater than usual. This has enabled us to answer all the regular exigencies of government, to pay from the treasury within one year, upwards of eight millions of dollars, principal and interest, of the public debt, exclusive of upwards of one million paid by the sale of bank stock, and making in the whole a reduction of nearly five million and a half of principal, and to have now in the treasury four millions and one half of dollars, which are in a course of application to the further discharge of debt and current demands.

Experience too far authorises us to believe, if no extraordinary event supervenes, and the expenses which will be actually incurred, shall not be greater than were contemplated by Congress at their last session, that we shall not be disappointed in the expectations there formed. But nevertheless as the effect of peace on the amount of duties is not yet fully ascertained, it is the more necessary to practise every useful economy, and to incur no expense which may be avoided without prejudice.

The collection of the internal taxes having been completed in some of the States, the officers employed in it are of course out of commission. In others they will be so shortly. But in a few, where the arrangements for the direct tax had been retarded, it will still be some time before the system is closed. It has not yet been thought necessary to employ the agent authorised by an act of the last session, for transacting business in Europe relative to debts and loans.

Nor have we used the power, confided by the same act, of prolonging the foreign debt by re-loans, and of redeeming instead thereof, an equal sum of the domestic debt. Should, however, the difficulties of remittance on so large a scale, render it necessary at any time, the power shall be executed, and the money thus unemployed abroad, shall, in conformity with the law, be faithfully applied here in an equivalent extinction of domestic debt. When effects for salutary result from the plans you have already sanctioned, when merely by avoiding false objects of expence, we are able, without a direct tax, without internal taxes, and without borrowing, to make large and effectual payments towards the discharge of our public debt, and the emancipation of our pro-

perty from that mortal canker, it is an encouragement, fellow-citizens, of the highest ardor, to proceed as we have begun in substituting economy for taxation, in pursuing what is useful for a nation placed as we are, rather than what is practised by others under different circumstances. And whenever we are destined to meet events which shall call forth all the energies of our countrymen, we have the firmest reliance on those energies, and the comfort of leaving for calls like these the extraordinary resources of loans and internal taxes.

In the mean time, by payments of the principal of our debt, we are liberating, annually, portions of the external taxes, and forming from them a growing fund, still further to lessen the necessity of recurring to extraordinary resources.

The usual account of receipts and expenditures for the last year, with an estimate of the expenses of the ensuing one, will be laid before you by the secretary of the treasury.

No change being deemed necessary in our military establishment, an estimate of its expenses for the ensuing year, on its present footing, as also of the sums to be employed in fortifications, and other objects within that department, has been prepared by the secretary at war, and will make a part of the general estimates which will be presented you.

Considering that our regular troops are employed for local purposes, and that the militia is our general reliance for great and sudden emergencies, you will doubtless think this institution worthy of a review, and give it those improvements of which you find it susceptible.

Estimates for the naval department, prepared by the secretary of the navy for another year, will in like manner be communicated with the general estimates. A small force in the Mediterranean will still be necessary to restrain the Tripoline cruisers; and the uncertain tenure of peace with some other of the Barbary powers, may continually require that force to be augmented. The necessity of procuring some smaller vessels for that service, will raise that estimate: but the difference in their maintenance will soon make it a measure of economy.

Presuming it will be deemed expedient to expend annually a convenient sum towards providing the naval defence which our situation may require, I cannot but recommend that the first appropriations for that purpose, may go to the paying what we already possess. No cares, no attentions, can preserve vessels from rapid decay, which lie in water and exposed to