The great and important interests of agriculture, which had been not only too much neglected, but actually taxed, under the Protective policy, for the benefit of other interests, have been relieved of the burdens which that policy imposed on them, and our farmers and planters, under the more just and liberal commercial policy, are finding new and profitable markets abroad, for their agricultural products.

Our commerce is rapidly increasing, and is extending more widely the circle of international exchanges, great as has been the increase of our imports during the past year, our exports of domestic products, sold in foreign markets, have been still greater.

Our navigating interest eminently prosperous. The number of vessels built in the United States has been greater than during any preceding period of equal length. Large profits have been derived by those who have constructed them as well as by those who have navigated them. Should the ratio of increase in the number of our merchant vessels be progressive, and be as great for the future as during the past year, the time is not distant when our tonnage and commercial marine will be larger than that of any other nation in the world.

Whilst the interests of agriculture, of commerce and navigation have been enlarged and invigorated, it is highly gratifying to observe that our manufactures are also in a prosperous condition. None of the ruinous effects upon this interest, which were apprehended by some as the result of the operations of the Revenue system, established by the act of 1846, have been experienced.

On the contrary, the number of manufactories, and the capital invested in them, is steadily and rapidly increasing, affording gratifying proof that American enterprise and skill employed in these forms of domestic industry, with no other advantages than those fairly and incidentally accruing from a just system of revenue duties, are abundantly able to meet successfully all competition from abroad, and still derive fair and remunerating profits.

While capital invested in manufactures is yielding adequate and fair profit under the new system, the wages of labor, whether employed in manufactures, agriculture, commerce or navigation, have been augmented. The toiling millions, whose daily labor furnishes the supply of food and raiment and all the necessaries and comforts of life, are receiving higher wages and more steady employment than in any other country or in any previous period of our history.

So successful have been all branches of our industry, that a foreign war, which generally diminishes the resources of a nation, has in no essential degree retarded our onward progress, or checked our general prosperity.

With such gratifying evidences of prosperity, and of the successful operation of the Revenue act of 1846, every consideration of public policy recommends that it should remain unchanged. It is hoped that the system of import duties, which is established, may be regarded as the permanent policy of the country, and that the great interests effected by it may not again be subjected to be injuriously disturbed, as they have heretofore been, by frequent and sometimes sudden changes.

For the purpose of increasing the Revenue, and without changing or modifying the rates imposed by the act of 1846, on the dutiable articles embraced by its provisions, I again recommend to your favorable consideration the expediency of levying a revenue duty on tea and coffee. The policy which exempted these articles from duty, during peace, and when the revenue to be derived from them was not needed, ceases to exist when the country is engaged in war, and requires the use of all its available means.

It is a tax which would be so generally diffused among the people that it would be felt oppressively by none—and be complained of by none. It is believed that there are not in the list of imported articles any which are more properly the subject of war duties than tea and coffee.

It is estimated that $3,000,000 anually may be collected by a moderate duty imposed on these articles.

Should Congress avail itself of this additional source of revenue, not only would the amount of the public loan, rendered necessary by the war with Mexico, be diminished to that extent, but the public credit, and the public confidence in the ability and determination of the government to meet all its engagements promptly, would be more firmly established and the reduced amount of the loan which it must be necessary to negotiate, would probably be obtained at cheaper rates.

Congress is therefore called upon to determine whether it is wiser to impose the war duties recommended, or by omitting to do so increase the public debt, annually, to $3,000,000, so long as loans shall be required to prosecute the war, and afterwards provide in some other form to pay the semi-annual interest upon it, and ultimately to extinguish the principal.

If in addition to these duties Congress should graduate and reduce the prices of such of the Public Lands as experience has proved will not command the price placed upon them by the Government, and additional income to the Treasury of between half a million and a million of dollars, it is estimated, will be driven from this source. Should both measures receive the sanction of Congress, the annual amount of public debt necessary to be contracted during the continuance of the war would be reduced near four millions of dollars. The duties recommended to be levied on tea and coffee, it is proposed, should be limited in their duration to the end of the war, and until the publick debt, rendered necessary to be contracted by it, shall be discharged. The amount of the public debt to be contracted should be limited to the lowest practicable sum, and should be extinguished as early after the conclusion of the war as the means of the Treasury will permit.

With this view it is recommended that as soon as the war should be over the surplus in the Treasury not reserved for other indispensable objects shall constitute a sinking fund, and be applied to the purchase of the funded debt, and that authority be conferred by law for that purpose.

The act of the 6th of August, 1846, to establish a warehousing system, has been in operation more than a year, and has proved to be an important auxiliary to the Tariff Act of 1846, in augmenting the revenue and extending the commerce of the country. While it has tended to enlarge our commerce, it has been beneficial to our manufactures, by diminishing forced sales at auction of foreign goods at low prices to raise the duties to be advanced on them, and by checking fluctuations in the market. The system, although sanctioned by the experience of other countries, was entirely new in the United States, and is susceptible of improvement in some of its provisions. The Secretary of the Treasury, upon whom was devolved large discretionary powers in carrying this measure into effect, has collected and is now collecting the practical results of the system in other countries where it has long been established, and will report at an early period of your session such farther regulations, suggested by the investigation, as may render it still more effective and beneficial. By the "Act to provide for the better organization of the Treasury, and for the collection, safe-keeping and disbursement of the Public Revenue, all banks discontinued as fiscal agents of the government, and the paper currency issued by them was no longer permitted to be received in payment of public dues.

The constitutional Treasury, created by this act, went into operation on the 1st of January last. Under the system established by it, the publics moneys have been collected, safely kept, and disbursed by the direct agency of officers of the Government, in gold and silver, and transfers of large amounts, have been made from points of collection to points of disbursement, without loss to the Treasury, or injury or inconvenience to the traffic of the country.

While the fiscal operations of the Government have been conducted with regularity and care, under this system, it has had a salutary effect in checking and preventing all undue inflation of the paper currency, issued from the banks which exist under State charters. Requiring as it does all dues to the Government to be paid in gold and silver, its effect is to restrain excessive issues of bank paper by the banks, disproportioned to the specie in their vaults, for the reason that they are at all times to be called on by the holders of the notes for their redemption, in order to obtain specie for the payment of duties and other public dues.—The banks, therefore, must keep their business within prudent limits—and be always in a condition to meet such calls, or run the hazard of being compelled to suspend specie payments, and be thereby discredited.

The amount of specie imported into the U. States during the last fiscal year was $25,121,289, of which there was retained in the country $22,276,170. Had the former financial system prevailed, and the public moneys been placed on deposite in bank, nearly the whole of this amount would have gone into their vaults, not to be thrown into circulation by them, but to be withheld from the hands of the people as currency, and made the basis of new and enormous issues of bank paper. A large proportion of the specie imported been paid into the treasury for public dues, and after having been to a great extent received at the Mint, has been paid out to the public creditors, and gone into circulation as currency among the people.

The amount of gold and silver coin in circulation in the country is larger than at any former period.

The financial system established by the Constitutional Treasury has been thus far eminently successful in its operations, and I recommend an adherance to all its essential provisions, and especially to that vital provision which wholly seperates the Government from all connexion with banks, and excludes bank paper from all revenue received.

In some of the details, not involving its general principles, the system is defective, and will require modification. These defects, and such amendments as are deemed important, were set forth in the last annual report of the Secretary of the Treasury. These amendments are again recommended to the early and favorable consideration of Congress.

During the past year, the coinage at the mint and its branches has exceeded twenty millions of Dollars. This has consisted chiefly in converting the coins of foreign countries into American coin.

The largest amount of foreign coin imported has been received at New York, and if a branch mint were established at that city, all the foreign coin at that port could at once be converted into our own coin, without the expense, risk and delay of transporting it to the mint for that purpose, and the amount received would be much larger.

Experience has proved that foreign coin, and especially foreign gold coin, will not circulate extensively as a currency among the people.

The important measures of extending our specie circulation, both of gold and silver, and of diffusing it among the people, can only be effected by converting such foreign coin into American coin. I repeat the recommendation, contained in my last annual Message, for the establishment of a branch of a Mint of the United States at New York.

All the public lands which had been surveyed, and were ready for market, have been proclaimed for sale during the past year. The quantity offered and to be offered for sale, under proclamations issued since the first of January last, amounts to 9,138,531 acres. The prosperity of the States and the territories in which these lands lie, will be advanced by their speedy sale. By withholding them from market, their growth and increase of population would be retarded, while thousands of our enterprising and meritorious frontier population would be deprived of the opportunity of securing freeholds for themselves and their families. But in addition to the general considerations which rendered the speedy sale of these lands proper, it was a leading object at this time to derive as large a sum as possible from this source, and thus diminish by that amount, the public loans rendered necessary by the existence of a Foreign War.

It is estimated that not less than ten millions of acres of the public lands will be surveyed, and be in a condition to be proclaimed for sale during the year 1848.

In my last annual message I suggested the reasons which, in my judgment, rendered it proper to graduate and reduce the price of such of the public lands as have remained unsold for long periods after they had been offered for sale at public auction.

Many millions of acres of public lands, lying within the limits of several of the Western States, have been offered in the market, and been subjected to sale at private entry for more than twenty years, and large quantities for more than thirty years, at the lowest price prescribed by the existing laws, and it has been found that they will not command the price. They must remain unsold and uncultivated for an indefinite period, unless the price demanded for them by the Government be reduced.

No satisfactory reason is perceived, why they should be longer held at rates above their real value. At the present period, an additional reason exists for adopting the measure recommended. When the country is engaged in a foreign war, and we must necessarily resort to loans, it would seem to be the dictate of wisdom that we should avail ourselves of all our resources, and thus limit the amount of the public indebtedness to the least possible sum.

I recommend that the existing laws on the subject of pre emption rights, be amended and modified so as to operate prospectively, and to embrace all who may settle upon the public lands and make improvements upon them, before they are surveyed, as well as afterwards, in all cases where such settlements may be made after the Indian title shall have been extinguished.

If the right of preemption be thus extended, it will embrace a large and meritorious class of our citizens. It will increase the number of small freeholders upon our borders, who will be enabled thereby to educate their children, and otherwise improve their condition, while they will be found at all times, as they ever have proved themselves to be in the hour of danger to the country, among our hardest and best volunteer soldiers, ever ready to tender their services in case of emergency, and among the last to leave the field while a single enemy remains to be encountered.

Such a policy will also impress these patriotic pioneer emigrants with deeper feelings of gratitude for the parental care of this government, when they find their dearest interests secured to them by the permanent laws of the land—and that they are no longer in danger of losing their homes and hard earned improvements by being brought into competition with a more wealthy class of purchasers at the land sales.

The attention of Congress was invited at their last session, and the present session, to the importance of establishing a territorial government over our possessions in Oregon; and it is to be regretted that there was no legislation on the subject. Our citizens who inhabit that distant region of country, are still without the protection of our laws, or any organized government.

Before the question of limits and boundaries of the territory of Oregon was definitely settled, from the necessity of their condition, the inhabitants had established a temporary government of their own. Besides the want of legal authority for continuing such a government, it is not only inadequate to protect them in their rights of property and person, or to secure to them the enjoyment of the privileges of other citizens, to which either are entitled under the Constitution of the United States. They should have the right of suffrage, be represented in a territorial Legislature, and by a delegate in Congress, and possess all the rights and privileges which citizens of other portions of the territories of the U. S. have heretofore enjoyed or may now enjoy.

Our judicial system, revenue laws, laws regulating trade and intercourse with the Indian tribes, and the protection of our laws generally, should be extended over them.

In addition to the inhabitants in that territory who had previously emigrated to it, large numbers of our citizens have followed them during the present year, and it is not doubted that during the next and subsequent years their numbers will be greatly increased.

Congress, at its last session, established Post Routes leading to Oregon, and between different points within that territory, and authorized the establishment of Post offices at Astoria, and at such other places on the coast of the Pacific, within the territory of the United States, as the public interests may require. Post Offices have accordingly been established, Deputy Post Masters appointed, and provision made for the transportation of the mails.

The preservation of peace with the Indian tribes, residing west of the Rocky mountains will render it proper that authority should be given by law for the appointment of an udequate number of Indian Agents to reside among them.

I recommend that a Surveyor General's Office be established in that territory, and that the public lands be surveyed and brought into market at an early period.

I recommend, also, that grants, upon liberal terms of limited quantities of the public lands be made to all citizens of the United States who have emigrated, or may hereafter within a prescribed period emigrate to Oregon and settle up on the land. These hardy and adventurous citizens, who have encountered the dangers and privations of a long and toilsome journey, and have at length found an abiding place for them selves and families upon the utmost verge of our Western limits, should be secured in their homes which they have improved by their labor.

I refer you to the accompanying Report of the Secretary of War for a detailed account of the operations of the various branches of the public service connected with the department under his charge. The duties devolving on this department have been unusually onerous and responsible during the past year, and have been discharged with ability and success.

Pacific relations continue to exist with the various Indian tribes, and most of them manifest a strong friendship for the United States—some depredations were committed during the past year upon our trains transporting supplies for the army on the road between the western border of Missouri and Santa Fe. Those depredations, which are supposed to have been committed by bands from the region of New Mexico, have been arrested by the presence of a military force ordered out for that purpose.—Some outrages have been perpetrated by a portion of the Northwestern bands upon the weaker and comparatively defenceless neighboring tribes. Prompt measures were taken to prevent such occurences in future.

Between nine and two thousand Indians, belonging to several tribes, have been removed, during the year, from the East of the Mississippi to the country allowed to them, west of that river, as their permanent homr, and arrangements have been made for others to follow.

Since the treaty of 1846 with the Cherokees, the feuds among them appeared to have subsided, and they have become more united and contented since than they have been for years past. The Commissioners appointed to pursuance of the Act of June 27th, 1846, to settle claims arising under the treaty of 1835–36, with that tribe, have executed their duties and after a patient investigation and a full and fair examination of all the cases brought before them, closed their labors in the month of July, last.

This is the fourth board of Commissioners which has been organized under this treaty.—Ample opportunity has been afforded to all those interested to bring forward their claims. No doubt is entertained that impartial justice has been done by the board, and that al valid claims embraced by the treaty, have been considered and altered. This allowed and the final settlement to be made with this tribe under the treaty of 1846, which will be completed and laid before your session—will adjust all questions of controversy between them and the United States, and produce a state of relations with them, simple, well defined and satisfactory.

Under the discretionary authority conferred by the act of the 3d of March last, the annuities due to the various tribes have been paid during the present year to the heads of families, instead of to their chiefs, or such persons as they might designate, as revuired by the laws previously existing.

This mode of payment has given general satisfaction to the great body of the Indians. Justice has been done to them, and they are grateful to the government for it. A few chiefs and interested sale of these lands proper, it was a leading object at this time to derive as large a sum as possible from this source, and thus diminish by that amount, the public loans rendered necessary by the existence of a Foreign War.

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