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THE MESSAGE.—We present the Message, in its length, before our readers. It is mainly filled with the Mexican War, a subject of the deepest interest to all, and will secure for the Message careful reading.

## PRESIDENT'S MESSAGE.

*To the Senate and House of Representatives of the United States:*

The annual meeting of Congress is always an interesting event. The Representatives of the States and of the people come fresh from their constituents to take counsel together for the common good. After an existence of near three fourths of a century, as a free and independent Republic, the problem no longer remains to be solved, whether man is competent of self-government. The success of our admirable system is a conclusive refutation of the theories of those in other countries, who maintain that a favored few are born to rule, and that the mass of mankind must be governed by force. Subject to no arbitrary or hereditary authority, the people are the only sovereigns recognized by our Constitution. Numerous emigrants of every lineage and language, attracted by the civil and religious freedom we enjoy, and by our happy condition, annually crowd to our shores, and transfer their hearts, not less than their allegiance, to the country whose dominion belongs alone to the people.

No country has been so much favored, or should acknowledge with deeper reverence the manifestations of the Divine Protection. An all wise Creator directed and guarded us in our infant struggle for freedom, and has constantly watched over our surprising progress, until we have become one of the great nations of the earth.

It is in a country thus favored, and under a government in which the executive and legislative branches hold their authority for limited periods alike from the people, and where all are responsible to their respective constituencies, that it is again my duty to communicate with Congress upon the state of the Union and the present condition of public affairs.

During the past year, the most gratifying proofs are presented that our country has been blessed with a wide spread and universal prosperity.—There has been no period since the government was founded, when all the industrial pursuits of our people have been more successful, or when labor, in all branches of business, has received a fairer or better reward. From our abundance we have been enabled to perform the pleasing duty of furnishing food for the starving millions of less favored countries.

In the enjoyment of the bounties of Providence at home, such as have rarely fallen to the lot of any people, it is cause of congratulation that our intercourse with all the powers of the earth, except Mexico, continues to be of an amicable character.

It has ever been our cherished policy to cultivate peace and good will with all nations, and this policy has been steadily preserved by me.

No change has taken place in our relations with Mexico since the adjournment of the last Congress. The war in which the United States were forced to engage with the Government of that country still continues.

I deem it unnecessary, after the full exposition of them contained in my message of the 11th of May 1846, and in my annual message at the commencement of the session of Congress in December last, to reiterate the serious causes of complaint which we had against Mexico before she commenced hostilities.

It is sufficient on the present occasion to say that the wanton violation of the rights of persons and property of our citizens, committed by Mexico, her repeated acts of bad faith through a long series of years, and her disregard of solemn treaties stipulating for indemnity to our injured citizens not only constituted ample cause of war on our part but were of such an aggravated character as would have justified us before the whole world in resorting to this extreme remedy. With an anxious desire to avoid a rupture between the two countries, we forbore for years to assert our clear rights by force, and continued to seek redress for the wrongs we had suffered by amicable negotiation, in the hope that Mexico might yield to pacific councils and demands of justice. In this hope we were disappointed. Our minister of peace sent to Mexico was insultingly rejected.

The Mexican government refused even to hear the terms of adjustment which he was authorized to propose, and finally under wholly unjustifiable pretexts involved the two countries in war, by invading the territory of the State of Texas, striking the first blow, and shedding the blood of our own citizens on our own soil.

Though the United States were the aggrieved nation Mexico commenced the war, and we were compelled in self defence to repel invaders, and to vindicate the national honor and interests, by prosecuting it with vigor, until we could obtain a just and honorable peace.

On learning that hostilities had been commenced by Mexico, I promptly communicated that fact, accompanied with a succinct statement of our other causes of complaint against Mexico, to Congress, and that body, by the act of the 13th of May 1846, declared that "by the act of the Republic of Mexico, a state of war exists between that government and the United States."

This act declaring the war to exist by the act of the Republic of Mexico, and making provision for its prosecution to a speedy and successful termination, was passed with great unanimity by Congress, there being but two negative votes in the Senate, and but fourteen in the house of Representatives.

The existence of the war having thus been declared by Congress, it became my duty, under the constitution and the laws, to conduct and prosecute it. This duty has been performed, and though at every stage of its progress, I have manifested a willingness to terminate it by a just peace, Mexico has refused to accede to any terms which could be accepted by the United States consistently with the National Honor and interest.

The rapid and brilliant successes of our arms, and the vast extent of the enemy's territory which had been overrun and conquered before the close of the last session of Congress were fully known to that body.

Since that time, the war has been prosecuted with increased energy, and I am gratified to state with a success which commands universal admiration. History presents no parallel of so many glorious victories achieved by any nation within so short a period. Our army, Regulars and Volunteers, have covered themselves with imperishable honors. Whenever and wherever our forces have encountered the enemy, though he was in vastly superior numbers, and often entrenched in fortified positions of his own selection, and of great strength, he has been defeated. Too much praise cannot be bestowed upon our officers and men, regulars and volunteers, and their gallantry; discipline, indomitable courage and perseverance, all seeking the post of danger, and vieing with each other in deeds of noble daring.

While every patriot's heart must exult, and a just national pride animate every bosom in beholding the high proofs of consummate military skill, steady discipline, and humanity to the vanquished enemy, exhibited by our gallant army, the nation is called to mourn over the loss of many brave officers and soldiers who have fallen in the defence of their country's honors and interests. The brave dead met their melancholy fate in a foreign land, nobly discharging their duty, with their country's flag waving triumphantly in the face of the foe.—Their patriotic deeds are justly appreciated, and will long be remembered by their grateful countrymen. The parental care of the government, they loved and served, should be extended to their surviving families.

Shortly after the adjournment of the last session of Congress, the gratifying intelligence was received of the signal victory of Buena Vista, and of the fall of the city of Vera Cruz, and with it the strong Castle of San Juan De Ulloa, by which it was defended. Believing that after these and other successes so honorable to our arms, and so disastrous to Mexico, the period was propitious to offer her another opportunity, if she thought proper to embrace it, to enter into negotiations for peace, a commissioner was appointed to proceed to the head quarters of our army, with full power to enter upon negotiations and to conclude a just and honorable treaty of peace. He was not directed to make any new overtures of peace, but was the bearer of a dispatch from the Secretary of State of the United States to the Minister of Foreign Affairs of Mexico in reply to one received from the latter, of the 22d of February, 1847, in which the Mexican Government was informed of his appointment, and of his presence at the head quarters of our army, and that he was invested with full powers to conclude a definite treaty of peace whenever the Mexican Government might signify a desire to do so. While I was unwilling to subject the United States to another indignant refusal, I was yet resolved that the evils of the war should not be protracted a day longer than might be rendered absolutely necessary by the Mexicans.

Care was taken to give no instructions to the Commissioner which could in any way interfere with our military operations, or relax our energies in the prosecution of the War. He possessed no authority in any manner to control these operations. He was authorized to exhibit his instructions to the General in command of the army; and in the event of a treaty being concluded and ratified on the part of Mexico, he was directed to give him notice of that fact. On the happening of such contingency and on receiving notice thereof, the General in command was instructed by the Secretary of War to suspend further active operations until further orders. These instructions were given with a view to intermit hostilities until the treaty, thus ratified by Mexico, could be transmitted to Washington, and recieve the action of the Government of the United States.

The comissioner was also directed, on reaching the army, to deliver to the General in Command the despatch which he bore form the Secretary of State to the Minister of Foreign Affairs of Mexico; and on receiving it the General was instructed by the Secretary of War to cause it to be transmitted to the commander of the Mexican forces with a request that it might be communicated to his Government.

The Commissioner did not reach the head quarters of the army until after another brilliant victory had crowned our arms at Cerro Gordo.

The despatch which he bore from the Secretary of War to the General in command of the Army, was received by that officer, then at Jalapa, on the 7th day of May, 1847, together with the despatch of the Secretary of State to the Minister of foreign affairs of Mexico; having been transmitted to him from Vera Cruz. The Commissioner arrived at the head quarters of the army a few days afterwards. His presence with the army, and his diplomatic character, were made known to the Mexican Government from Puebla on the 12th of June, 1847, by the transmission of the despatch from the Secretary of State to the Minister of Foreign Affairs of Mexico.

Many weeks after its receipt and no overtures were made, nor was any desire expressed by the Mexican Government to enter into negotiations of peace.

Our army pursued its march upon the Capitol, and as it approached it, was met by formidable resistance. Our forces first encountered the enemy and achieved signal victories in the severely contested battles of Contreras and Cherubusco. It was not until after these actions had resulted in decisive victories, and the Capitol of the enemy was within our power, that the Mexican Government manifested any disposition to enter into negotiations for peace, and even then events proved there is too much reason to believe they were insincere, and that in agreeing to go through the forms of negotiation, the object was to gain time to strengthen the defences of their Capitol and prepare for fresh resistance.

The general in command of the army deemed it expedient to suspend hostilities temporarily, by entering into an armistice with a view to the opening of negotiations. Commissioners were appointed on the part of Mexico to meet the Commissioner on the part of the United States. The result of the conferences which took place between these functionaries of the two Governments, was a failure to conclude a treaty of peace.

The Commissioner of the U. S. took with him the project of the treaty already prepared, by the terms of which, the indemnity required by the United States was a cession of territory.

It is well known that the only indemnity which is in the power of Mexico to make, in satisfaction of the just and long deferred claims of our citizens against her, and the only means by which she can reimburse the United States for the expenses of the war, is a cession to the United States of a portion of her territory. Mexico has not money to pay, and no other means of making the required indemnity. If we refuse this we can obtain nothing else. To reject indemnity, by refusing to accept a cession of territory, would be to abandon all our just demands, and to wage the war, bearing all its expenses without a purpose or definite object.

A state of war abrogates treaties previously existing between the belligerents, and a treaty of peace puts an end to all claims for indemnity—for tortuous acts committed under the authority of our government against the citizens or subjects of another, unless they are provided for in its stipulations. A treaty of peace which would terminate the existing war without providing for indemnity, would enable Mexico, the acknowledged debtor, and herself the aggressor in the war, to relieve herself from her just liabilities. By such a treaty, our citizens who hold just demands against her, would have no remedy either against Mexico or their own government. Our duty to these citizens must forever prevent such a peace, and no treaty which does not provide ample means of discharging those demands can receive my sanction.

A treaty of peace should settle all existing differences between the two countries. If an adequate cession of territory should be made by such a treaty, the United States should release Mexico from all her liabilities, and assume their payment to our own citizens. If instead of this the United States were to consent to a treaty by which Mexico should again engage to pay the heavy amount of indebtedness, which a just indemnity to our government and our citizens would impose on her, it is notorious that she does not possess the means to meet such an undertaking. From such a treaty no result could be anticipated, but the same irritating disappointments which have heretofore attended the violations of similar treaty stipulations on the part of Mexico. Such a treaty would be but a temporary cessation of hostilities, without the restoration of the friendship and good understanding which should characterise the future intercourse between the two countries.

That Congress contemplated the acquisition of territorial indemnity when that body made provision for the prosecution of the war, is obvious. Congress could not have meant when, in 1846, they appropriated $10,000,000, and authorized the President to employ the Militia and to accept the services of 50,000 volunteers to enable him to prosecute the war, and when at their last session, and after our army had invaded Mexico, they made additional appropriations and authorized the raising of additional troops for the same purpose, that no indemnity was to be obtained from Mexico at the conclusion of the war; and yet it was certain that if no Mexican territory was acquired, no indemnity could be obtained.

It is further manifest that Congress contemplated territorial indemnity, from the fact that at their last session an act was passed, upon the ... recommendation, appropriating $3,000,000 with that express object. This appropriation was made to enable the President to conclude a treaty of peace, limits and boundaries, with the Republic of Mexico to be used by him in the event that said treaty when signed, by the authorized agents of the two governments, and duly ratified by Mexico, shall call for the expenditure of the same or any portion thereof. The object of asking this appropriation was distinctly stated in the general message on the subject which I communicated to Congress.

Similar appropriations, made in 1803 and 1806, which were referred to, were intended to be applied in part consideration for the cession of Louisiana and the Floridas, in like manner. It was anticipated that in settling the terms of a treaty of limits and boundaries with Mexico, a cession of territory, estimated to be of greater value than the amount of our demands against her, might be obtained, and that the pompt payment of this sum in part consideration for the territory ceded on the conclusion of a treaty, and its ratification, on her part, might be an inducement with her to make such cession of territory as would be satisfactory to the United States; and although the failure to conclude such a treaty has rendered it unnecessary to use any part of the $3,000,000 appropriated by that act, and the entire sum remains in the treasury, it is still applicable to that object, should the contingency occur, making such appropriation proper.

The doctrine of no territory is the doctrine of no indemnity, and if sanctioned would be a public acknowledgement, that our country was wrong—that the war declared by Congress with extraordinary unanimity was unjust, and should be abandoned, an admission unfounded in fact, and degrading to the national character. The terms of the treaty proposed by the United States were not only just to Mexico, but considering the character and amount of our claims the unjustifiable and unprovoked commencement of hostilities by her, the expense of the war to which we have been subjected, and the success which had attended our arms, were deemed to be of a most liberal character.

The Commissioner of the United States was authorized to agree to the establishment of the Rio Grande as the boundary, from its extension into the Gulf to its intersection with the southern boundary of New Mexico, in the North latitude about 32 deg., and to obtain a cession to the United States of the province of New Mexico and the Californias, and the privilege of the Right of Way across the Isthmus of Tehauntepec. The boundary of the Rio Grande and the cession to the United States of New Mexico and Upper California, constituted an ultimatum which our Commissioner was, under no circumstances, to yield.

That it might be manifest not only to Mexico, but to all other nations, that the United States were not disposed to take advantage of a feeble power, by insisting upon wresting from her all the other provinces, including many of her principal towns and cities, which we had conquered and held in our military occupations, but were willing to conclude a treaty in a spirit of liberality, our commissioner was authorized to stipulate for the restoration to Mexico of all our other conquests.

As the territory to be acquired by the boundary proposed might be estimated to be of greater value than a fair equivalent for our just demands, our commissioner was authorized to stipulate for the payment of such additional pecuniary consideration as was deemed reasonable.

The terms of a treaty proposed by the Mexican Commissioners were wholly inadmissible.—They negociated as if Mexico were the victorious and not the vanquished party: they must have known that the ultimatum would never be accepted. It required the United States to dismember Texas, by surrendering to Mexico that part of the territory of that State lying between the Nueces and the Rio Grande, included within her limits by her laws when she was an independent republic—and when she was annexed to the United States, and admitted by Congress as one of the States of our Union. It contained no provision for the payment by Mexico of the just claims of our citizens. It required indemnity to Mexican citizens for injuries they may have sustained by our troops, in the prosecution of the war. It demanded the right for Mexico to levy and collect the Mexican Tariff of duties on goods imported into her ports, while in our military occupation during the war, and the owners of which had paid to officers of the United States the military contributions which had been levied upon them; and it offered to cede to the United States for a pecuniary consideration that part of Upper California lying north of latitude 37 deg. Such were the unreasonable terms proposed by the Mexican Commissioners.

The cession to the United States by Mexico of the province of New Mexico and the Californias, as proposed by the Commissioner of the United States, it was believed, would be more in accordance with the convenience and interests of both nations than any other cession of territory which it was probable Mexico would be induced to make.

It is manifest to all who have observed the actual condition of the Mexican government for some years past, and at present, that if these provinces should be retained by her, she could not long continue to hold and govern them. Mexico is too feeble a power to govern these provinces—lying, as they do, at a distance of more than a thousand miles from her capital; and if attempted to be retained by her, they would constitute but for a short time, even nominally, a part of her dominions. This would be especially the case with Upper California. The sagacity of powerful European nations has long since directed their attention to the commercial importance of that province, and there can be little doubt that the moment the United States shall relinquish their present occupation of it, and their claim to it as indemnity, an effort will be made by some foreign power to possess it, either by conquest or by purchase. If no foreign government should acquire it, in either of these modes, an independent revolutionary government would probably be established by the inhabitants, and such foreigners as may remain in or remove to the country, as soon as it shall be known that the United States have abandoned it. Such a government would be too feeble to maintain its separate independent existence, and would finally become annexed to, or be a dependent colony of some more powerful State.

Should any foreign Government attempt to possess it as a colony, or otherwise to incorporate it with itself, the principle avowed by President Monroe, in 1824, and re-affirmed in my first annual Message, that no Foreign Power would, with our consent, be permitted to plant or establish any new colony or dominion on any part of the North American Continent, must be maintained. In maintaining this principle, and in resisting its invasion by any foreign power, we might be involved in other wars more expensive and more difficult than that in which we are now engaged. The provinces of New Mexico and the Californias are contiguous to the territory of the United States, and if brought under the government of our laws, their resources, mineral, agricultural, manufacturing, and commercial, would soon be developed.

Upper California is bounded on the North by our Oregon possessions, and if held by the United States would soon be settled by a hardy, enterprising, intelligent portion of our population. The Bay of San Francisco, and other harbors along the California coast would afford a shelter for our Navy, for our numerous whale ships and other merchant vessels, employed in the Pacific ocean, and would in a short period become the marts of an extensive and profitable commerce with China and other countries of the coast.

These advantages, in which the whole commercial world participate, would at once be secured to the United States by the cession of this territory, while it is certain that so long as it remains a part of the Mexican domains, they can be enjoyed neither by Mexico herself nor by any other portion.

New Mexico is a frontier province, and has never been of any considerable value to Mexico. From its locality, it is naturally connected with our western settlements. The territorial limits of the State of Texas, too, as defined by her laws, before her admission into our Union, embrace all that portion of New Mexico lying east of the Rio Grande, while Mexico still claims to hold this territory as a part of her dominions.—This adjustment of this question of boundary is important.

There is another consideration which induced the belief that the Mexican government might even desire to place this province under the protection of the government of the U S. Numerous bands of fierce and warlike savages wander over it. Mexico has been and must continue to be too feeble to restrain them from committing depredations, robberies and murders, not only upon the inhabitants of New Mexico itself, but upon those of the other Northern States of Mexico. It would be a blessing to all these Northern States to have their citizens protected against them by the power of the United States.

At this moment many Mexicans, principally females and children, are in captivity among them.—If New Mexico were held and governed by the United States, we could effectually prevent these tribes from committing such outrages, and compel them to release their captives and restore them to their families and friends.

In proposing to acquire New Mexico and the Californias, it was known that but an inconsiderable portion of the Mexican people would be transferred with them, the country embraced within these provinces being chiefly an uninhabited region.

These were the leading considerations which induced me to authorize the terms of peace which were proposed to Mexico. They were rejected, and negotiations being at an end, hostilities were renewed, and an assault was made by our gallant army upon the strongly fortified places near the gates of the City of Mexico, and upon the city itself, and after several days of severe conflict, the Mexican forces, vastly superior in numbers to our own, were driven from the city, and it was occupied by our troops.

Immediately after information was received of the unfavorable result of the negotiations, believing that his continued presence with the army could be productive of no good, I determined to recall our Commissioner. A dispatch to this effect was transmitted to him on the 6th of October last. The Mexican Government will be informed of his recall, and that in the existing state of things I shall not deem it proper to make any further overtures of peace, but shall be at all times ready to receive and consider any proposals which may be made by Mexico.

Since the liberal proposition of the United States was authorized to be made, in April last, large expenditures have been incurred, and the precious blood of many of our patriotic fellow citizens has been shed in the prosecution of the war. This consideration, and the obstinate perseverance of Mexico in protracting the war, must influence the terms of peace which it may be deemed proper hereafter to accept.

Our arms having been every where victorious, having subjected to our military occupation a large portion of the enemy's country, including his Capitol, and negotiations for peace having failed, the important question arises in what manner the war ought to be prosecuted, and what should be our future policy. I cannot doubt that we should secure and render available the conquests which we have already made, and that with this purpose we should hold and occupy by our naval and military forces all the ports, towns, cities, and provinces now in our occupation, or which may hereafter fall into our possession; that we should press forward our military operations, and levy such military contributions on the enemy as may as far as practicable, defray the future expenses of the war.

Had the government of Mexico acceded to the favorable terms proposed, that mode of adjustment would have been preferred. Mexico having declined to do this, and failed to offer any other terms which could be accepted by the United States, National Honor no less than the public interest requires that the war should be prosecuted with increased energy and power, until a just and satisfactory peace can be obtained.

In the meantime, as Mexico refuses all indemnity, we should adopt measures to indemnify ourselves, by appropriating permanently a portion of her territory. Early after the commencement of the war, New Mexico and the Californias were taken possession of by our forces. Our military and naval commanders were ordered to conquer and hold them subject to be disposed of by a treaty of peace.

These provinces are now in our undisputed occupation, and have been so for many months—all resistance on the part of Mexico having ceased within their limits. I am satisfied that they should never be surrendered to Mexico. Should Congress concur with me in this opinion, and that they should be retained by the United States as indemnity, I can perceive no good reason why the civil jurisdiction and laws of the United States should not at once be extended over them. To wait for a treaty of peace, such as we are willing to make, by which our relations towards them would be changed, cannot be good policy, whilst our own interest, and that of the people inhabiting them, require that a stable, responsible, and free government, under our authority, should be as soon as possible established over them.

Should Congress therefore, determine to hold these provinces permanently, and that they shall hereafter be considered as constituent parts of our country, the early establishment of territorial governments over them will be important for the more perfect protection of persons and property; and I recommend that such territorial governments be established. It will promote peace and tranquility among the inhabitants, by allaying all apprehension that they may still entertain of being again subjected to the jurisdiction of Mexico. I invite the early and earnest consideration of Congress to this important subject.

Besides New Mexico and the Californias, there are other Mexican provinces which have been reduced to our possession by conquest. These other Mexican provinces are now governed by our military and naval commanders, under the general authority which is conferred upon a conqueror by the Laws of war. They should continue to be held, as a means coercing Mexico to accede to just terms of peace. Civil as well as military officers are required to conduct such a government. Adequate compensation, to be drawn from contributions levied on the enemy, should be fixed by law for such officers as may be thus employed. What further provision may become necessary, and what final disposition it may be proper to make of them must depend on the further progress of the war, and the course which Mexico may think proper hereafter to pursue.

With the views I entertain, I cannot favor the policy which has been suggested, either to withdraw our army altogether, or to retire to a designated line and simply hold and defend it. To withdraw our army altogether from the conquests they have made by deeds of unparalleled bravery, and at the expense of so much blood and treasure, in a just war on our part, and one which, by the act of the enemy, we could not have honorably avoided, would be to degrade the nation in its own estimation and that of the world. To retire to a line and simply hold and defend it, would not terminate the war. On the contrary, it would encourage Mexico to persevere, and tend to protract it indefinitely.

It is not to be expected that Mexico, after refusing to establish such a line as a boundary, when our victorious army are in possession of her capital and in the heart of her country, would permit us to hold it without resistance. That she would continue the war, and in the most harrassing and annoying forms, there can be no doubt. A border warfare of the most savage character, extending over a long line, would be unceasingly waged. It would require a large army to be kept continually in the field, stationed at posts and garrisons along such a line, to protect and defend it. The enemy, relieved from the pressure of our arms on his coasts and in the populous parts of the interior, would direct his attention to this line, and selecting an isolated post for attack, would concentrate his forces upon it.

This would be a condition of affairs which the Mexicans, pursuing their favorite system of guerrilla warfare, would probably prefer to any other. Were we to assume a defensive attitude on such a line, all the advantages of such a state of war would be on the side of the enemy. We could levy no contributions on him, or in any way make him feel the pressure of the war, but must remain inactive and await his approach, being in constant uncertainty at what point of the line or at what time he might make the assault.

He may assemble and reorganize an overwhelming force in the interior on his own side of the line, and concealing his purpose, make a sudden assault upon some of our posts, so distant from any other, as to prevent the possibility of timely succor or reinforcements, and in this way our gallant army would be exposed to the dangers of being cut off in detail; or if by their unrivalled bravery and prowess everywhere exhibited during this war, they should repulse the enemy, their numbers stationed at any one point may be too small to pursue him. If the enemy be repulsed in one attack he would have nothing else to do but to retreat to his own side of the line; and being in no fear of a pursuing army, may reinforce himself at leisure for another attack on the same or some other post. He may, too, cross the line between our posts, make rapid incursions into the country which we hold, murder the inhabitants on them and then retreat to the interior before a sufficient force can be concentrated to pursue him. Such would probably be the harassing character of a mere defensive war on our part. If our forces, when attacked, or threatened with attack, be permitted to cross the line, drive back the enemy and conquer him, this would be again to invade the country after having lost all the advantages of the conquests we have already made by having voluntarily abandoned them.

To hold such a line successfully and in security, it is far from being certain that it would not require as large an army as would be necessary to hold all the conquests we have already made, and to continue the prosecution of the war in the heart of the enemy's country. It is also far from being certain that the expenses of the war would be diminished by such a policy.

I am persuaded that the best means of vindicating the National Honor and interest, and of bringing the war to an honorable close, will be to prosecute it with increased energy and power in the vital parts of the enemy's country.

In my annual Message to Congress, of December, I declared that the war has not been waged with a view to conquest, but having been commenced by Mexico, it has been carried into the enemy's country, and will be vigorously prosecuted there, with a view to obtain an honorable peace, and thereby secure ample indemnity for the expenses of the war, as well as to our much injured citizens, who hold large pecuniary demands against Mexico. Such, in my judgment, continues to be our true policy—indeed, the only policy which will probably secure a permanent peace.

It has never been contemplated by me as an object of the war to make a permanent conquest of the Republic of Mexico, or to annihilate her separate existence as an independent nation. On the contrary, it has ever been my desire that she should maintain her nationality, and under a good government; adapted to her condition, be a free, independent, and prosperous Republic. The United States were the first among the nations to recognize her independence, and have always desired to be on terms of amity and good neighborhood with her.

This she would not suffer. By her own conduct we have been compelled to engage in the present war. In its prosecution we seek not her overthrow as a nation, but in vindicating our national honor, we seek to obtain redress for the wrongs she has done us, and indemnity for just demands against her. We demand an honorable peace, and that peace must bring with it indemnity for the past, and security for the future. Hitherto Mexico has refused all accommodation by which such a peace could be obtained.

Whilst our armies have advanced from victory to victory, from the commencement of the war, it has always been with the olive branch of peace in their hands, and it has been in the power of Mexico at every step to arrest hostilities by accepting it.

One great obstacle to the attainment of peace has undoubtedly arisen from the fact that Mexico has been so long held in subjection by one faction or military usurper after another. And such has been the condition of insecurity in which the successive governments have been placed, that each has been deterred from making peace, lest for this very cause a rival faction might expel it from power. Such was the fact of President Herrera's administration in 1845, for being disposed even to listen to the war, as is fully confirmed by the official correspondence which took place in the month of August last, between him and his government, a copy of which is herewith communicated. For this cause alone, the revolution which displaced him from power was set on foot by Gen. Paredes. Such may be the condition of insecurity of the present government.

There can be no doubt that the peaceable and well disposed inhabitants of Mexico are convinced that it is the true interest of their country to conclude an honorable peace with the United States, but the apprehension of becoming the victims of some military faction or usurper, may have prevented them from manifesting their feelings by any public act. The removal of any such apprehension would probably cause them to speak their sentiments freely, and to adopt the measures necessary for the restoration of peace. With a people distracted and divided by contending factions, and a government subject to constant changes by successive revolutions, the continued success of our arms may fail to secure a satisfactory peace. In such an event it may become proper for our commanding generals in the field to give encouragement and assurance of protection to the friends of peace in Mexico, in the establishment and maintenance of a free Republican government of their own choice, always willing to conclude a peace which would be just to them, and secure the indemnity we demand.

This may become the only mode of obtaining such a peace. Should such be the result, the war which Mexico has forced upon us would thus be converted into an enduring blessing to herself. After finding her torn and distracted by factions and ruled by military usurpers, we should then leave her with a Republican government, in the enjoyment of real independence, domestic peace, and prosperity, performing all her relative duties in the great family of nations, and promoting her own happiness by wise laws and their faithful execution.

If after affording this encouragement and protection, if after all the persevering and sincere efforts we have made from the moment Mexico commenced the war and prior to that time to adjust our differences with her, we shall ultimately fail, then we shall have exhausted all honorable means in pursuit of peace, and must continue to occupy her country with our troops, taking the full measure of indemnity into our own hands, and must enforce the terms which our honor demands.

To act otherwise, in the existing state of things in Mexico, and to withdraw our army without a peace, would not only leave the wrongs of which we complain unredressed, but would be the signal for new and fierce civil dissensions, and new revolutions, all alike hostile to peaceful relations with the United States.

Besides, there is danger, if our troops were withdrawn before a peace was concluded, that the Mexican people, wearied with successive revolutions, and deprived of protection for their persons and property, might at length be inclined to yield to foreign influence, and to cast themselves into the arms of some European Monarch for protection from the anarchy and suffering which would ensue. This for our own safety, and in pursuance of our established policy, we should be compelled to resist. We could never consent that Mexico should be thus converted into a monarchy, governed by a foreign Prince.

Mexico is our next neighbor, and her boundaries are coterminous with our own, through the whole extent, across the North American Continent, from ocean to ocean. Both politically and commercially we have the deepest interest in her regeneration and prosperity. Indeed, it is impossible that with any just regard to our own safety, we can ever become indifferent to her fate.

It may be that the Mexican Government and people have misconstrued or misunderstood our forbearance and our objects, in desiring to conclude an amicable adjustment of the existing differences between the two countries.

They may have supposed that we would submit to the terms degrading to the nation, or they may have drawn false inferences from the supposed division of opinion in the United States on the subject of the war, and many have calculated to gain much by protracting it, and indeed that we might ultimately abandon it altogether, without insisting on any indemnity—territorial or otherwise. Whatever may have been the false impressions under which they have acted, the adoption and prosecution of the energetic policy proposed must soon undeceive them.

In the future prosecution of the war, the enemy must must be made to feel its pressure more than they have heretofore done. At its commencement, it was deemed proper to conduct it in a spirit of forbearance and liberality. With this end in view, early measures were adopted to conciliate, as far as a state of war would permit, the mass of the Mexican population; to convince them that the war was not waged against the peaceful inhabitants of Mexico, but against their faithless government, which had commenced hostilities; to remove from their minds the false impression, which their designing and interested rulers had artfully attempted to make, that the war on our part was one of conquest—that it was a war against their religion and their churches, which were to be desecrated and overthrown, and that their rights of person and private property would be violated. To remove these false impressions, our commanders in the field were directed scrupulously to respect their religion, their churches and their church property, which were in no manner to be violated. They were directed also to respect the rights of persons and the property of all who should not take up arms against us.

Assurances to this effect were given to the Mexican people by Maj. Gen. Taylor, in a proclamation issued in pursuance of instructions from the Secretary of War, in the month of June, 1846, and again by Major General Scott, who acted upon his own convictions of the propriety of issuing it in a proclamation of the 11th of May 1847. In this spirit of liberality and conciliation, and with a view to prevent the body of the Mexican population from taking up arms against us—was the war conducted on our part.

Provisions and other supplies furnished to our army by Mexican citizens were paid for at fair and liberal prices agreed upon by the parties. After the lapse of a few months it became apparent that these assurances and this mild treatment had failed to produce the desired effect upon the Mexican population. While the war had been conducted on our part according to the most humane and liberal principles, observed by civilized nations, it was waged in a far different spirit on the part of Mexico.

Not appreciating our forbearance, the Mexican people generally became hostile to the United States, and availed themselves of every opportunity to commit the most savage excesses upon our troops. Large numbers of the population took up arms, and engaged in Guerrilla warfare, robbed and murdered in the most cruel manner individual soldiers or small parties whom accident or other causes had separated from the main body of our army,—Bands of Guerrillas and robbers infested the road, harrassed our trains, and whenever it was in their power cut off our supplies.

The Mexicans have thus shown themselves to be wholly incapable of appreciating our forbearance and liberality, it was deemed proper to change the manner of conducting the war, by making them feel its pressure according to the usages observed under similar circumstances by all other civilized nations. Accordingly, as early as the 22d of September, 1846, instructions were given by the Secretary of War to Major General Taylor, to draw supplies for our army from the enemy, paying for them, and to require contributions for its support, if in that way he was satisfied he would get abundant supplies for his forces.

In directing the execution of these instructions, much was necessarily left to the discretion of the commanding officer, who was best acquainted with the circumstances by which he was surrounded, the wants of the army and the practicability of enforcing the measure.

General Taylor, on the 26th of October, 1846 replied from Monterey, that it would have been impossible hitherto, and is now, to sustain the army to any extent by forced contributions of money or supplies. For the reasons assigned by him he did not adopt the policy of his instructions but he declared his readiness to do so, should the army in its future operations reach a portion of the country which may be made to supply the troops with advantage. He continued to pay for the articles of supply which were drawn from the enemy's country.

Similar instructions were issued to Maj. Gen. Scott, on the 3d of April, 1847, who replied from Jalapa on the 20th of May, 1847, that if it be expected that the army is to support itself by forced contributions levied upon the country, we may ruin and exasperate the inhabitants and starve ourselves. The same discretion was given to him that had been to General Taylor in this respect. General Scott, for the reasons assigned by him, also continued to pay for the articles of supply for the army, which were drawn from the enemy.

After the army had reached the heart of the most wealthy portion of Mexico, it was supposed that the obstacles which had before that time prevented it, would not be such as to render impracticable the levy of forced contributions for its support, and on the 1st of September, and again on the 6th of October 1847, the order was repeated in despatches addressed by the Secretary of War to Gen. Scott, and his attention was again called to the importance of making the enemy bear the burdens of the war, by requiring them to furnish the means of supporting our army, and he was directed to adopt this policy, unless by doing so there was danger of depriving the army of the necessary supplies.—Copies of these despatches were forwarded to Gen. Taylor for his government.

On the 31st of March last, I caused an order to be issued to our military and naval commanders, to levy and collect a military contribution upon all vessels and merchandize which might enter any of the ports of Mexico, in our military occupation, and to apply such contributions towards defraying the expenses of the war. By virtue of the right of conquest and the laws of war, the conqueror, consulting his own safety or convenience, may either exclude foreign commerce altogether from all such ports, or permit it upon such terms and conditions as he may prescribe.

Before the principal ports of Mexico were blockaded by our navy, the revenue derived from import duties under the laws of Mexico was paid into the Mexican Treasury. Although these ports had fallen into our military possession, the blockade was raised, and commerce with them permitted upon proscribed terms and conditions. They were opened to the trade of all nations, upon the payment of duties more moderate in their amount than those which had been previously been laid by Mexico, and the revenue which was formerly paid into the Mexican treasury was directed to be collected by our military and naval officers, and applied to the use of our army and navy. Care was taken that the officers and soldiers, and sailors of our army and navy should be exempted from the operations of the order, and as the merchandize imported, upon which the order operated, must be consumed by Mexican citizens, the contributions exacted were in effect the seizure of the public revenues of Mexico, and the application of them to our own use. In directing this measure, the object was to compel the enemy to contribute as far as practicable towards the expenses of the war.

For the amount of contributions which have been levied in this form, I refer you to the accompanying reports of the Secretary of War, and of the Secretary of the Navy, by which it appears that a sum exceeding Half a Million of Dollars have been collected.

This amount would undoubtedly have been much larger, but for the difficulty of keeping open communications between the coast and the interior, so as to enable the owners of merchandize imported to transport and vend it to the inhabitants of the country.

It is confidently expected that this difficulty will, to a great extent, be soon removed by our increased forces which have been sent to the field. Measures have recently been adopted by which the internal as well as external revenues of Mexico, in all places in our military occupation, will be received and appropriated to the use of our army and navy.

The policy of levying upon the enemy contributions in every form, consistently with the law of nations, which it may be practicable for our military commanders to adopt, should, in my judgment, be rigidly enforced, and orders to this effect have accordingly been given. By such a policy, at the same time that our own treasury will be relieved from a heavy drain, the Mexican people will be made to feel the burdens of the war, and consulting their own interests, may be induced the more readily to require their rulers to accede to a just peace.

After the adjournment of the last session of Congress, events transpired in the prosecution of the war, which in my judgment, required a greater number of troops in the field than had been anticipated. The strength of the army was accordingly increased by accepting the services of all the volunteer forces authorized by the act of the 13th May, 1845, without putting a construction on that act, the correctness of which was seriously questioned. The volunteer forces now in the field, with those which had been accepted to serve for twelve months, and were discharged at the end of their term of service, exhaust the fifty thousand men authorized by that act. Had it been clear that a proper construction of the Act warranted, the services of an additional number would have been called and accepted; but doubts existing upon this point, the power was not exercised.

It is deemed important that Congress should at an early period of their session confer the authority to raise an additional regular force to serve during the war with Mexico, and to be discharged upon the conclusion and ratification of a treaty of peace. I invite the attention of Congress to the views presented by the Secretary of War in his report upon this subject. I recommend also that authority be given by law to call for and accept the services of an additional number of volunteers, to be exercised at such time and to such extent as the emergencies of the services may require.

In prosecuting the war with Mexico, whilst the utmost care has been taken to avoid every just cause of complaint on the part of neutral nations, and none has been given, liberal privileges have been granted in their commerce in the ports of the enemy, in our military occupation.

The difficulty with the Brazilian government, which at one time threatened to interrupt the friendly relations between the two countries, will, I trust, be speedily adjusted. I have received information that an Envoy Extraordinary and Minister Plenopotentiary to the U. States, will shortly be appointed by his Imperial Majesty, and it is hoped that he will come instructed and prepared to adjust all remaining differences between the two governments in a manner acceptable and honorable to both.

In the mean time I have every reason to believe that nothing will occur to interrupt our amicable relations with Brazil.

It has been my constant effort to maintain and cultivate the most intimate relations of friendship with all the independent nations of Soth America, and this policy has been attended with the happiest results. It is true that the settlement and payment of many just claims of American citizens against these nations has been long delayed. The position in which they have been placed, and the desire on the part of my predecessors, as well as myself, to grant them the utmost indulgence, have hitherto prevented these claims from being urged in a manner demanded by strict justice. The time has arrived when they ought to be finally adjusted and liquidated, and enforced, and efforts are now making for that purpose.

It is proper to inform you that the Government of Peru has in good faith paid the first two instalments of the indemnity, of thirty thousand dollars each, and the greater portion of the interest due thereon, in execution of the convention between that Government and the United States, the ratifications of which were exchanged at Lima, on the 31st of October, 1846. The Attorney General of the United States, early in August last, completed the adjudication of the claims under this convention, and made his report thereon, in pursuance of the act of the 8th of August, 1846. The sums to which the claimants are respectfully entitled, will be paid on demand at the Treasury.

I invite the early attention of Congress to the present condition of our citizens in China. Under our treaty with that power, American citizens are withdrawn from the jurisdiction, whether civil or criminal, of the Chinese Government, and placed under that of our public functionaries in that country. By these alone can our citizens be tried and punished for the commission of any crime; by these alone can questions be decided between them involving the rights of persons and property; and by these alone can contracts be enforced into which they may have entered with the citizens or subjects of foreign powers. The merchant vessels of the United States, lying in the waters of the five ports of China, open to foreign commerce, are under the exclusive jurisdiction of officers of their own government. Until Congress shall establish competent tribunals to try and punish crimes, and to exercise jurisdiction in civil cases in China, American citizens there are subject to no law whatever. Crimes may be committed with impunity, and debts may be contracted without any means to enforce their payment.

Inconveniences have already resulted from the omission of Congress to legislate upon the subject, and still greater are apprehended. The British authorities in China have already complained that this government has not provided for the punishment of crimes or the enforcement of contracts against American citizens in that country, whilst their government has established tribunals by which an American can recover debts due from British subjects.

Accustomed as the Chinese are to summary justice, they could not be made to comprehend why criminals, who are citizens of the United States, should escape with impunity in violation of treaty obligations, whilst the punishment of a Chinese, who had committed any crime against an American citizen, would be rigorously executed. Indeed the consequences might be fatal to American citizens in China, should a flagrant crime be committed by any one of them upon a Chinese, and should trial and punishment not follow according to the requisitions of the treaty. This might disturb, if not destroy our friendly relations with that Empire, and cause an interruption of our valuable commerce.

Our treaties with the Sublime Porte, Tripoli, Tunis, Morocco and Muscat, also require the legislation of Congress to carry them into execution, though the necessity of immediate action may not be so urgent as in regard to China.

The Secretary of State has submitted an estimate to defray the expense of opening diplomatic relations with the Papal States. The interesting political events now in progress in these States, as well as a just regard to our commercial interests, have, in my opinion, rendered such a measure highly expedient.

Estimates have also been submitted, for the outfits and salaries of Charge d'Affairs to the Republics of Guatemala and Ecuador. The manifest importance of cultivating the most friendly relations with all the independent States upon this continent, has induced me to recommend appropriations necessary for the maintenance of these missions.

I recommend to Congress that an appropriation be made to be paid to the Spanish government, for the purpose of distribution among the claimants in the Amistad Case. I entertain the conviction that this is due to Spain under the treaty of 20th October, 1795, and moreover that from the earnest manner in which the claim continues to be urged, so long as it shall remain unsettled, it will be a source of irritation and discord between the two countries, which may prove highly prejudicial to the interests of the United States. Good policy, no less than a faithful compliance with our treaty obligations, requires that the inconsiderable appropriation demanded should be made.

A detailed statement of the condition of the finances will be presented in the annual report of the Secretary of the Treasury. The imports for the last fiscal year, ending on the 30th of June, 1847, were of the value of $146,545,638, of which the amount exported was $8,011,158, leaving $138,534,480 in the country for domestic use.—The value of the exports for the same period was $158,648,622, of which $150,637,464 consisted of domestic productions, and $8,011,158 of foreign articles. The receipts into the Treasury for the same period amounted to $26,346,790,37, of which there was derived from customs $23,747,864,66, from sales of Public Lands $2,498,335,20, and incidental and miscellaneous sources $100,570,51. The last fiscal year, during which this amount was received, embraced five months under the operation of the Tariff act of 1842, and seven months during which the Tariff act of 1846 was in force. During the five months under the act of 1842, the amount received from customs was $7,842,306,90; and during the same months under the act of 1846, the amount received was $17,905,557,76.

The nett revenue from Customs during the year ending on the 1st of December, 1846, being the last year, under the operation of the Tariff Act of 1842, was $22,971,403,10, and the nett revenue from Customs during the year ending on the 1st of December, 1847, being the first year under the operation of the Tariff Act of 1846, was about $31,500,000, being an increase of revenue for the first year under the Tariff Act of 1846, of more than $8,500,000 over that of the last year, under the Tariff of 1842.

The expenditures during the fiscal year ending on the 30th June last, were $59,451,177 65, of which $3,522,082,37 was on account of payment of principal and interest of the public debt, including treasury notes redeemed and not funded. The expenditures exclusive of payment of public debt were $55,929,095 28

It is estimated that the receipts into the Treasury, for the fiscal year, ending on the 30th of June, 1848, including the balance in the Treasury on the 1st of July last, will amount to $42,886,545 80, of which $31,000,000 it is estimated will be derived from customs, $3,500,000 from the sales of the public lands, $400,000, from incidental expenses, including sales made by the Solicitor of the Treasury, and $6,285,294 55 from loans already authorized by law, which together with the balance in the Treasury, on the first of July last, make the sum estimated.

The expenditures for the same period, if peace with Mexico shall not be concluded, and the army shall be increased, as is proposed, will amount, including the necessary payments on account of principal and interest of the public debt and Treasury notes to $58,615,660 07.

On the first of the present month, the amount of the public debt actually incurred, including Treasury notes, was $45,659,659 40. The public debt due on the 4th March, 1845, including Treasury notes, was $17,788,799 62 and consequently the addition made to the public debt since that time is $27,870,356 78.

Of the loan of $23,000,000 authorised by the act of the 28th of January, 1847, the sum of $5,000,000 was paid out to the public creditors, or exchanged at par for specie—the remaining 18,000,000 was offered for specie to the highest bidder out below par by an advertisement issued by the Secretary of the Treasury and published from the 9th of February until the 10th of April, 1847, when it was awarded to the several highest bidders, at premiums varying from 1-8 to one per cent. to 2 per cent. above par. The premium has been paid into the Treasury, and the sums awarded deposited in specie in the Treasury as fast as it was required by the wants of the Government.

To meet the expenditure for the remainder of the present, and for the next fiscal year, ending on the 30th June, 1849, a further loan, in aid of the ordinary resources of the government, will be necessary. Retaining a sufficient surplus in the Treasury, the loan required for the remainder of the present fiscal year will be about $18,500,000.

If the duty on tea and coffee be imposed, and the graduation of the public lands shall be made, at an early period of your session, as recommended, the loan for the fiscal year may be reduced to $17,000,00. The loan may be further reduced by whatever amount of expenditures can be saved by military contributions collected in Mexico.

The most vigorous measures for the augmentation of these contributions, have been directed; and a very considerable sum is expected from that source. Its amount cannot, however, be calculated, with any certainty. It is recommended, that the loan to be made, be authorised upon the same terms, and for the same time, as that which was authorised under the provisions of the act of the 28th of January, 1847.

Should the war with Mexico be continued until the 30th of June, 1849, it is estimated that a further loan of $20,500,000 will be required for the fiscal year ending on that day—in case no duty be levied on tea and coffee, and the public lands be not reduced in price; and no military contributions shall be collected in Mexico.

If the duty on tea and coffee be imposed, and the bonds be reduced and graduated in price, as proposed, the loan may be reduced to $17,000,000, and will be subject to be still further reduced by the amount of the military contributions which may be collected in Mexico. It is not proposed, however, at present, to ask Congress for authority to negotiate this loan for the next fiscal year; as it is hoped that the loan asked for the remainder of the present fiscal year, aided by the military contributions which may be collected in Mexico, may be sufficient.

If, contrary to my expectations, there should be a necessity for it, the fact will be communicated to Congress in time for their action during the present session. In no event will a sum exceeding $6,000,000 of this amount be needed before the meeting of the session of Congress in December, 1848.

The act of the 30th July, reducing the duties on imports, has been in force since the 1st of December last, and am gratified to state that all the beneficial effects, which were anticipated from its operation have been fully realized.—The public revenue derived from customs during the year ending on the 1st of December, 1837, exceeds by more than $8,000,000, the amount received in the preceding year, under the operation of the act of the preceding year, under the operation of the act of 1842, which was superseded, and repealed by it. Its effects are visible in the great and almost unexampled prosperity which prevails in every branch of business.

While the repeal of the prohibitory and restrictive duties of the act of 1842, and the substitution in their place of reasonable revenue rates, levied on articles imported according to the actual value, has increased the revenue and augmented our foreign trade, all the great interests of our country have been advanced and promoted.

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 a 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 measure 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 ready 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 presented 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 cases of emergency, and among the last to leave the field as long as one 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 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 adequate 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 upon 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 themselves 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 one 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 home, 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 in 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