whom she had solemnly agreed to receive, she consummated her long course of outrage against our country by commencing an offensive war and shedding the blood of our citizens on our own soil.

The United States never attempted to acquire Texas by conquest. On the contrary, at an early period after the people of Texas had achieved their independence, they sought to be annexed to the United States. At a general election in September 1836, they decided with great unanimity in favour of 'annexation;' and in November following, the Congress of the republic authorised the appointment of a minister, to bear their request to this government — This government, however, having remained neutral between Texas and Mexico during the war between them, and considering it due to the honor of our country, and our fair fame among the nations of the earth, that we should not at this early period consent to annexation, nor until it should be manifest to the whole world that the reconquest of Texas by Mexico was impossible, refused to accede to the overtures made by Texas. On the 12th of April, 1844, and after more than seven years had elapsed since Texas had established her independence, a treaty was concluded for the annexation of that republic to the United States, which was rejected by the Senate. Finally, on the first of March, 1845, Congress passed a joint resolution for annexing her to the United States, upon certain preliminary conditions to which her assent was required. The solemnities which characterized the deliberations and conduct of the government and people of Texas, on the deeply interesting questions presented by these resolutions, are known to the world. The Congress, the Executive, and the people of Texas, in a convention elected for that purpose, accepted with great unanimity the proposed terms of annexation; and thus consummated on on her part the great act of restoring to our federal Union a vast territory which had been ceded to Spain by the Florida treaty more than a qnarter of a century before.

After the joint resolution for the annexation of Texas to the United States had been passed by our Congress, the Mexican minister at Washington addressed a note to the Secretary of State bearing date on the 6th of March, 1845, protesting against it as 'an act of aggression, the most unjust which can be found recorded on the annals of modern history; namely, that of despoiling a friendly nation, like Mexico, of a considerable portion of her territory;' and protesting against the resolution of annexation, as being an act 'whereby the province of Texas, an integral portion of the Mexican territory, is agreed and admitted into the American Union;' and he announced that, as a consequence, his mission to the United States had terminated, and demanded his passports, which were granted. It was upon the absurd pretext, made by Mexico, (herself indebted for her independence to a successful revolution,) that the republic of Texas still continued to be, notwithstanding all that had passed, a province of Mexico, that this step was taken by the Mexican minister,

Every honorable effort has been used by me to avoid the war which followed, but all have proved vain. All our attempts to preserve peace have been met by insult and resistance on the part of Mexico My efforts to this end commenced in the note of the Secretary of State of the 10th of March, 1845, in answer to that of the Mexican minister. Whilst declining to re-open a discussion which had already been exhausted, and proving again what was known to the whole world, that Texas had long since achieved her independence, the Secretary of State expressed the regret of this government that Mexico should have taken offence at the resolution of annexation passed by Congress, and gave assurance that our 'most strenuous efforts shall be devoted to the amicable adjustment of every cause of complaint between the two Governments, and to the cultivation of the kindest and most friendly relations between the sister republics.'

That I have acted in the spirit of this assurance, will appear from the events which have since occurred. Notwithstanding Mexico had abruptly terminated all diplomatic intercourse with the U. States, and ought, therefore, to have been the first to ask for its resumption, yet waving all ceremony, I embraced the earliest favorable opportunity 'to ascertain from the Mexican government whether they would receive an envoy from the United States intrusted with full power to adjust all the questions in dispute between the two governments.' In September, 1845, I believed the propitious moment for such an overture had arrived. Texas, by the enthusiastic and almost unanimous will of her people, had pronounced in favor of annexation. Mexico herself had agreed to acknowledge the independence of Texas, subject to a condition, it is true, which she had no right to impose and no power to enforce. The last lingering hope of Mexico, if she still could have retained any, that Texas would ever again become one of her provinces, must have been abandoned.

The consul of the United States at the city of Mexico was, therefore, instructed by the Secretary of State on the 15th of September, 1845, to make the inquiry of the Mexican government. The inquiry was made, and on the 15th of October, 1845, the Minister of Foreign Affairs of the Mexican government, in a note addressed to our consul, gave a favorable response, requesting, at the same time, that our naval force might be withdrawn from Vera Cruz while negotiations should be pending. Upon the receipt of this note, our naval force was withdrawn from Vera Cruz. A minister was immediately appointed, and departed to Mexico. Everything bore a promising aspect for a speedy and peaceful adjustment of all our difficulties. At the date of my annual message to Congress, in December last, no doubt was entertained but that he would be received by the Mexican government, and the hope was cherished that all cause of misunderstanding between the two countries would be speedily removed. In the confident hope that such would be the result of his mission, I informed Congress that I forebore at that time to 'recommend such ulterior measures of redress for the wrongs and injuries we had so long borne, as it would have been proper to make had no such negotiation been instituted.' To my surprise and regret, the Mexican government, though solemnly pledged to do so, upon the arrival of our minister in Mexico, refused to receive and accredit him. — When he reached Vera Cruz, on the 30th of November, 1845, he found that the aspect of affairs had undergone an unhappy change. The Government of Gen. Herrera, who was at that time President of the Republic, was tottering to its fall. — General Paredes (a military leader) had manifested his determination to overthrow the government of Herrera by a military revolution; and one of the principal means which he employed to effect his purpose, and render the government of Herrera odious to the army and people of Mexico, was by fondly condemning its determination to receive a minister of peace from the United States, alleging that it was the intention of Herrera, by a treaty with the United States, to dismember the territory of Mexico, by ceding away the department of Texas. The government of Herrera is believed to have been disposed to a pacific adjustment of existing difficulties; but probably alarmed for its own security and in order to ward off the danger of the revolution led by Paredes, violated its solemn agreement and refused to receive or accredit our minister; and this although informed that he had been invested with full power to adjust all questions in dispute between the two governments. Among the frivolous pretexts for this refusal, the principal one was, that our minister had gone upon a special mission, confined to the question of Texas alone, leaving all the outrages upon our flag and citizens unredressed. — The Mexican government well knew that both our national honor and the protection due to our citizens imperatively required that the two questions of boundary and indemnity should be treated of together, as naturally and inseparably blended, and they ought to have seen that this course was best calculated to enable the United States to extend to them the most liberal justice. On the 30th December, 1845, General Herrera resigned the Presidency, and yielded up the government to General Paredes without a struggle. Thus a revolution was accomplished solely by the army commanded by Paredes, and the supreme power in Mexico passed into the hands of a military usurper, who was known to be bitterly hostile to the United States.

Although the prospect of a pacific adjustment with the new government was unpromising, from the known hostility of its head to the United States, yet determined that nothing should be left undone on our part to restore friendly relations between the two countries, our minister was instructed to present his credentials to the new government, and ask to be accredited by it in the diplomatic character in which he had been commissioned. — These instructions he executed by his note of the 1st of March, 1846, addressed to the Mexican Minister of Foreign Affairs, but his request was insultingly refused by that minister in his answer of the 12th of the same month. No alternative remained for our minister but to demand his passports, and to return to the United States.

Thus was the extraordinary spectacle presented to the civilized world, of a government, in violation of its own express agreement, having twice rejected a minister of peace, invested with full powers to adjust all the existing differences between the two countries in a manner just and honorable to both. I am not aware that modern history presents a parallel case, in which, in time of peace one nation has refused to hear propositions from another for terminating existing difficulties between them.

Scarcely a hope of adjusting our difficulties, even at a remote day, or of preserving peace with Mexico, could be cherished while Paredes remained at the head of the government. He had acquired the supreme power by a military revolution, and upon the most solemn pledges to wage war against the United States, and to reconquer Texas, which he claimed as a revolted province of Mexico. He had denounced as guilty of treason all those Mexicans who considered Texas as no longer constituting a part of the territory of Mexico, and who were friendly to the cause of peace. The duration of the war which he waged against the United States was indefinite, because the end which he proposed, of the reconquest of Texas, was hopeless Besides, there was good reason to believe, from all his conduct, that it was his intention to convert the republic of Mexico into a monarchy, and to call a foreign European prince to the throne. Preparatory to this end, he had, during his short rule, destroyed the liberty of the press, tolerating that portion of it only which openly advocated the establishment of a monarchy. The better to secure the success of his ultimate designs, he had, by an arbitrary decree, convoked a Congress — not to be elected by the free voice of the people, but to be chosen in a manner to make them subservient to his will, and to give him absolute control over their deliberations.

Under all these circumstances, it was believed that any revolution in Mexico, founded upon opposition to the ambitious projects of Paredes, would tend to promote the cause of peace as well as prevent any attempted European interference in the affairs of the North American continent—both objects of deep interest to the United States. Any such foreign interference, if attempted, must have been resisted by the United States. My views upon that subject were fully communicated to Congress in my last annual message. In any event, it was certain that no change whatever in the government of Mexico which would deprive Paredes of power could be for the worse, so far as the United States were concerned, while it was very probable that any change must be for the better.

This was the state of affairs existing when Congress, on the thirteenth of May last, recognised the existence of the war which had been commenced by the government of Paredes; and it became an object of much importance, with a view to a speedy settlement of our difficulties and the restoration of an honorable peace, that Paredes should not retain power in Mexico.

Before that time there were symptoms of a revolution in Mexico, favored, as it was understood to be, by the more liberal party, and especially by those who were opposed to foreign interference and to the monarchical form of government. Santa Anna was then in exile in Havanna, having been expelled from power and banished from his country by a revolution which occurred in December, 1844; but it was known that he had still a considerable party in his favor in Mexico It was also equally well known that no vigilance which could be exerted by our squadron would, in all probability, have prevented him from effecting a landing somewhere on the extensive gulf coast of Mexico, if he desired to return to his country. He had openly professed an entire change of policy: had expressed his regret that he had subverted the federal constitution of 1824, and avowed that he was now in favor of its restoration. He had publicly declared his hostility, in the strongest terms, to the establishment of a monarchy, and to European interference in the affairs of his country. Information to this effect had been received, from sources believed to be reliable, at the date of the recognition of the existence of the war by Congress, and was afterwards fully confirmed by the receipt of the despatch of our consul in the city of Mexico, with the accompanying documents, which are herewith transmitted. Besides, it was reasonable to suppose that he must see the ruinous consequences to Mexico of a war with the United States, and that it would be his interest to favor peace.

It was under these circumstances and upon these considerations that it was deemed expedient not to obstruct his return to Mexico, should he attempt to do so. Our object was the restoration of peace; and with that view, no reason was perceived why we should take part with Paredes, and aid him, by means of our blockade, in preventing the return of his rival to Mexico. On the contrary, it was believed that the intestine divisions which ordinary sagacity could not but anticipate as the fruit of Santa Anna's return to Mexico, and his contest with Paredes, might strongly tend to produce a disposition with both parties to restore and preserve peace with the United States. Paredes was a soldier by profession, and a monarchist in principle He had but recently before been successful in a military revolution, by which he had obtained power. He was the sworn enemy of the United States, with which he had involved his country in the existing war. Santa Anna had been expelled from power by the army, was known to be in open hostility to Paredes, and publicly pledged against foreign intervention and the restoration of monarchy in Mexico. In view of these facts and circumstances it was, that, when orders were issued to the commander of our naval forces in the Gulf, on the thirteenth day of May last, the day on which the existence of the war was recognised by Congress, to place the coasts of Mexico under blockade, he was directed not to obstruct the passage of Santa Anna to Mexico, should he attempt to return

A revolution took place in Mexico in the early part of August following, by which the power of Paredes was overthrown, and he has since been banished from the country, and is now in exile. — Shortly afterwards, Santa Anna returned. It remains to be seen whether his return may not yet prove to be favorable to a pacific adjustment of the existing difficulties, it being manifestly his interest not to persevere in the prosecution of a war commenced by Paredes, to accomplish a purpose so absurd as the reconquest of Texas to the Sabine. — Had Paredes remained in power, it is morally certain that any pacific adjustment would have been hopeless.

Upon the commencement of hostilities by Mexico against the United States, the indignant spirit of the nation was at once aroused. Congress promptly responded to the expectations of the country, and, by the act of the thirteenth of May last, recognised the fact that war existed, by the act of Mexico, between the United States and that republic, and granted the means necessary for its vigorous prosecution. Being involved in a war thus commenced by Mexico, and for the justice of which on our part we may confidently appeal to the whole world, I resolved to prosecute it with the utmost vigor. Accordingly, the ports of Mexico on the Gulf and on the Pacific have been placed under blockade, and her territory invaded at several unimportant points The reports from the departments of War and the Navy will inform you more in detail of the measures adopted in the emergency in which our country was placed, and of the gratifying results which have been accomplished.

The various columns of the army have performed their duty under great disadvantages, with the most distinguished skill and courage. The victories of Palo Alto, and Resaca de la Palma, and of Monterey, won against greatly superior numbers, and against most decided advantages in other respects on the part of the enemy, were brilliant in their execution, and entitle our brave officers and soldiers to the grateful thanks of their country. — The nation deplores the loss of the brave officers and men who have gallantly fallen while vindicating and defending their country's rights and honor.

It is a subject of pride and satisfaction that our volunteer citizen soldiers, who so promptly responded to their country's call, with an experience of the discipline of a camp of only a few weeks, have borne their part in the hard fought battle of Monterey with a constancy and a courage equal to that of veteran troops, and worthy of the highest admiration. The privations of long marches through the enemy's country, and through a wilderness, have been borne without a murmur. By rapid movements the province of new Mexico, with Santa Fe, its capital, has been captured without bloodshed. The navy has co-operated with the army, and rendered important services: if not so brilliant, it is because the enemy had no force to meet them on their own element, and because of the defences which nature has interposed in the difficulties of the navigation on the Mexican coast. Our squadron in the Pacific, with the co-operation of a gallant officer of the army, and a small force hastily collected in that distant country, have acquired bloodless possession of the Californias, and the American flag has been raised at every important point in that province.

I congratulate you upon the success which has thus attended our military and naval operations. — In less than seven months after Mexico commenced hostilities, at a time selected by herself, we have taken possession of many of her principal ports, driven back and pursued her invading army, and acquired military possession of the Mexican provinces of New Mexico, New Leon, Coahuila, Tamaulipas, and the Californias, a territory larger in extent than that embraced in the original thirteen States of the Union, inhabited by a considerable population, and much of it more than a thousand miles from the points at which we had to collect our forces and commence our movements. By the blockade, the import and export trade of the enemy has been cut off.

Well may the American people be proud of the energy and gallantry of our regular and volunteer officers and soldiers. The events of those few months afford a gratifying proof that our country can, under any emergency, confidently rely for the maintenance of her honor, and the defence of her rights, on an effective force, ready at all times voluntarily to relinquish the comforts of home for the perils and privations of the camp. And though such a force may be for the time expensive, it is in the end economical, as the ability to command it removes the necessity of employing a large standing army in time of peace, and proves that our people love their institutions, and are ready to defend and protect them.

Whilst the war was in a course of vigorous and successful prosecution, being still anxious to arrest its evils, and considering that, after the brilliant victories of our arms on the 8th and 9th of May last, the national honor could not be compromitted by it, another overture was made to Mexico, by my direction, on the twenty-seventh of July last, to terminate hostilities by a peace just and honorable to both countries. On the thirty-first of August following, the Mexican government declined to accept this friendly overture, but referred it to the decision of a Mexican Congress, to be assembled in the early part of the present month. I communicate to you, herewith, a copy of the letter of the Secretary of State proposing to reopen negotiations, of the answer of the Mexican government, and of the reply thereto of the Secretary of State.

The war will continue to be prosecuted with vigor, as the best means of securing peace. It is hoped that the decision of the Mexican Congress, to which our last overture has been referred, may result in a speedy and honorable peace. With our experience, however, of the unreasonable course of the Mexican authorities, it is the part of wisdom not to relax in the energy of our military operations until the result is made known. In this view, it is deemed important to hold military possession of all the provinces which have been taken, until a definitive treaty of peace shall have been concluded and ratified by the two countries.

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.

By the laws of nations a conquered territory is subject to be governed by the conquerer during his military possession, and until there is either a treaty of peace, or he shall voluntarily withdraw from it. The old civil government being necessarily superseded, it is the right and duty of the conqueror to secure his conquest, and to provide for the maintenance of civil order and the rights of the inhabitants. This right has been exercised, and this duty performed by our military and naval commanders, by the establishment of temporary governments in some of the conquered provinces in Mexico, assimilating them as far as practicable to the free institutions of our own country. In the provinces of New Mexico, & of the Californias, little if any further resistance is apprehended from the inhabitants to the temporary governments which have thus, from the nature of the case, and according to the laws of war, been established. It may be proper to provide for the security of these important conquests by making an adequate appropriation for the purpose of erecting fortifications and defraying the expenses necessarily incident to the maintenance of our possession and authority over them.

Near the close of your last session, for reasons communicated to Congress, I deemed it important, as a measure for securing a speedy peace with Mexico, that a sum of money should be appropriated and placed in the power of the Executive, similar to that which had been made upon two former occasions, during the administration of President Jefferson.

On the twenty-sixth of February, 1803, an appropriation of two millions of dollars was made, and placed at the disposal of the President. Its object is well known. It was at that time in contemplation to acquire Louisiana from France, and it was intended to be applied as a part of the consideration which might be paid for that territory. On the thirteenth of February, 1806, the same sum was in like manner appropriated, with a view to the purchase of the Floridas from Spain. These appropriations were made to facilitate negotiations, and as a means to enable the President to accomplish the important objects in view. Though it did not become necessary for the President to use these appropriations, yet a state of things might have arisen in which it would have been highly important for him to do so, and the wisdom of making them cannot be doubted. It believed that the measure recommended at your last session met with the approbation of decided majorities in both houses of Congress. Indeed, in different forms, a bill making an appropriation of two millions of dollars passed each house, and it is much to be regretted that it did not become a law. The reasons which induced me to recommend the measure at that time still exist; and I again submit the subject for your consideration, and suggest the importance of early action upon it. Should the appropriation be made, and be not needed, it will remain in the treasury: should it be deemed proper to apply it in whole or in part, it will be accounted for as other public expenditures.

Immediately after Congress had recognised the existence of the war with Mexico, my attention was directed to the danger that privateers might be fitted out in the ports of Cuba and Porto Rico to prey upon the commerce of the United States; and I invited the special attention of the British government to the fourteenth article of our treaty with that power of the 20th of October, 1795, under which the citizens and subjects of either nation who shall take commissions or letters of marque to act as privateers against the other 'shall be punished as pirates.'

It affords me pleasure to inform you that I have received assurances from the Spanish government that this article of the treaty shall be faithfully observed on its part. Orders for this purpose were immediately transmitted from that government to the authorities of Cuba and Porto Rico to exert their utmost vigilance in preventing any attempts to fit out privateers in those islands against the United States. — From the good faith of Spain I am fully satisfied that this treaty will be executed in its spirit as well as its letter; whilst the United States will, on their part, faithfully perform all the obligations which it imposes on them.

Information has been recently received at the Department of State that the Mexican government has sent to Havana blank commissions to privateers, and blank certificates of naturalization, signed by General Salas the present head of the Mexican government. There is also reason to apprehend that similar documents have been transmitted to other parts of the world. Copies of these papers, in translation, are herewith transmitted.

As the preliminaries required by the practice of civilized nations for commissioning privateers and regulating their conduct appear not to have been observed, and as these commissions are in blank, to be filled up with the names of citizens and subjects of all nations who may be willing to purchase them, the whole proceeding can only be construed as an invitation to all freebooters upon earth, who are willing to pay for the privilege, to cruise against American commerce. It will be for our courts of justice to decide whether, under such circumstances, these Mexican letters of marque and reprisal shall protect those who accept them, and commit robberies upon the high seas under their authority, from the pains and penalties of piracy.

If the certificates of naturalization thus granted be intended by Mexico to shield Spanish subjects from the guilt and punishment of pirates, under our treaty with Spain, they will certainly prove unavailing, — Such a subterfuge would be but a weak device to defeat the provisions of a solemn treaty,

I recommend that Congress should immediately provide by law for the trial and punishment as pirates of Spanish subjects who, escaping the vigilance of their government, shall be found guilty of privateering against the United States. I do not apprehend serious danger from these privateers. Our navy will be constantly on the alert to protect our commerce. Besides, in case prizes should be made of American vessels, the utmost vigilance will be exerted by our blockading squadron to prevent the captors from taking them into Mexican ports, and it is not apprehended that any nation will violate its neutrality by suffering such prizes to be condemned and sold within its jurisdiction.

I recommend that Congress should immediately provide by law for granting letters of marque and reprisal against vessels under the Mexican flag. It is true that there are but few, if any, commercial vessels of Mexico upon the high seas; and it is therefore not probable that many American privateers would be fitted out, in case a law should pass authorizing this mode of warfare. It is, notwithstanding, certain that such privateers may render good service to the commercial interests of the country, by recapturing our merchant ships, should any be taken by armed vessels under the Mexican flag, as well as by capturing these vessels themselves. Every means within our power should be rendered available for the protection of our commerce.

The annual report of the Secretary of the Treasury will exhibit a detailed statement of the condition of the finances. The imports for the fiscal year ending on the 30th June last, were of the value of one hundred and twenty-one million six hundred and ninety-one thousand seven hundred and ninety-seven dollars; of which the amount exported was eleven million three hundred and forty-six thousand six hundred and twenty-three dollars; leaving the amount retained in the country for domestic consumption one hundred and ten million three hundred and forty-five thousand one hundred and seventy-four dollars. The value of the exports for the same period was one hundred and thirteen million four hundred and eighty-eight thousand five hundred and sixteen dollars; of which one hundred and two million one hundred and forty one thousand eight hundred and ninety-three dollars consisted of domestic productions, and eleven million three hundred and forty six thousand six hundred and twenty three dollars of foreign articles.

The receipts into the treasury for the same year were twenty nine million four hundred and ninety-nine thousand two hundred and forty-seven dollars and six cents; of which there was derived from customs twenty-six million seven hundred and twelve thousand six hundred and sixty-seven dollars and eighty-seven cents; from sales of public lands two million six hundred and ninety-four thousand four hundred and fifty-two dollars and forty-eight cents, and from incidental and miscellaneous sources ninety-two thousand one hundred and twenty-six dollars and seventy-one cents. The expenditures for the same period were twenty-eight million thirty-one thousand one hundred and fourteen dollars and twenty cents, and the balance in the treasury on the first day of July last was $9,126,439 08.

The amount of the public debt, including treasury notes, on the first of the present month was 24,256,494 60 dollars; of which the sum of $17,788,799 62 was outstanding on the fourth of March, 1845, leaving the amount incurred since that time $6,467,694 98.

In order to prosecute the war with Mexico with vigor and energy, as the best means of bringing it to a speedy and honorable termination, a further loan will be necessary, to meet the expenditures for the present and the next fiscal years. If the war should be continued until the 13th of June, 1848—being the end of next fiscal year—it is estimated that an additional loan of twenty-three millions of dollars will be required. This estimate is made upon the assumption that it will be necessary to retain constantly in the treasury four millions of dollars to guard against contingencies. If such surplus were not required to be retained, then a loan of nineteen millions of dollars would be sufficient. If, however, Congress should, at the present session, impose a revenue duty on the principal articles now embraced in the free list, it is estimated that an additional revenue of about two millions and a half, amounting, it is estimated, on the 30th of June, 1848, to four millions of dollars, would be derived from that source, and the loan required would be reduced by that amount. It is estimated, also, that should Congress graduate and reduce the price of such of the public lands as have been long in the market, the additional revenue derived from that source would be annually, for several years to come, between half a million and a million of dollars; and the loan required may be reduced by the amount also. Should these measures be adopted the loan required would probably not exceed eighteen or nineteen millions of dollars—leaving in the treasury a constant surplus of four millions of dollars. The loan proposed, it is estimated, will be sufficient to cover the necessary expenditures, both for the war and for all other purposes, up to the 30th of June, 1848; and an amount of this loan, not exceeding one half, may be required during the present fiscal year, and the greater part of the remainder during the first half of the fiscal year succeeding.

In order that timely notice may be given, and proper measures taken to effect the loan, or such portion of it as may be required, it is important that the authority of Congress to make it be given at an early period of your present session. It is suggested that the loan should be contracted for a period of twenty years, with authority to purchase the stock and pay it off, at an earlier period, at its market value, out of any surplus which may at any time be in the Treasury applicable to that purpose. After the establishment of peace with Mexico, it is supposed that a considerable surplus will exist, and that the debt may be extinguished in a much shorter period than that for which it may be contracted. The period of twenty years, as that for which the proposed loan may be contracted in preference to a period, is suggested, because all experience, both at home and abroad, has shown that loans are effected upon much better terms upon long time, than when they are reimbursable at short dates.

Necessary as this measure is, to sustain the honour and the interests of the country, engaged in a foreign war, it is not doubted but that Congress will promptly authorize it.

The balance in the treasury on the first of July last exceeded nine millions of dollars, notwithstanding considerable expenditures had been made for the war during the months of May and June preceding. But for the war, the whole public debt could and would have been extinguished within a short period; and it was a part of my settled policy to do so, and thus relieve the people from its burden, and place the government in a position which would enable it to reduce the public expenditures to that economical standard which is most consistent with the general welfare, and the pure and wholesome progress of our institutions.

Among our just causes of complaint against Mexico, arising out of her refusal to treat for peace, as well before as since the war so unjustly commenced on her part, are the extraordinary expenditures in which we have been involved Justice to our own people will make it proper that Mexico should be held responsible for these expenditures.

Economy in the public expenditures is at all times a high duty which all public functionaries of the government owe to the people. This duty becomes the more imperative in a period of war, when large and extraordinary expenditures become unavoidable. — During the existence of the war with Mexico all our resources should be husbanded, and no appropriations made except such as are absolutely necessary for its vigorous prosecution and the due administration of the government. Objects of appropriation which in peace may be deemed useful or proper, but which are not indispensable for the public service, may, when the country is engaged in a foreign war, be well postponed to a future period. By the observance of this policy at your present session, large amounts may be saved to the treasury, and be applied to objects of pressing and urgent necessity, and thus the creation of a corresponding amount of public debt may be avoided.

It is not meant to recommend that the ordinary and necessary appropriations for the support of government should be withheld, but it is well known that at every session of Congress appropriations are proposed for numerous objects which may or may not be made without materially affecting the public interests; and these it is recommended should not be granted.

The act passed at your last session "reducing the duties on imports" not having gone into operation until the first of the present month, there has not been time for its practical effect upon the revenue, and the business of the country, to be developed. It is not doubted, however, that the just policy which it adopts will add largely to our foreign trade, and promote the general prosperity. Although it cannot be certainly foreseen what amount of revenue it will yield, it is estimated that it will exceed that produced by the act of 1842, which it superseded. The leading principles established by it are, to levy the taxes with a view to raise revenue, and to impose them upon the articles imported according to their actual value.

The act of 1842, by the excessive rates of duty which it imposed on many articles, either totally excluded them from importation, or greatly reduced the amount imported, and thus diminished instead of producing revenue. By it