

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 13th day of May last, only two days after the existence of the war had been 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 U. S., 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 13th of May last, recognised the fact that war existed, by the act of Mexico, between the U. S. and that republic, and granted the means necessary for its rigorous 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 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 important 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 deprecates 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 courage equal to that of veteran troops, and worthy of the highest admiration. The privation 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 defenses which nature has interposed in the difficulties of the navigation of 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 Californians, and the American flag has been raised at every important point in that province.

I congratulate you on 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 the 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 these 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, and 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 ever 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 compromised by it, another overture was made to Mexico, by my direction, on the 27th of July last, to terminate hostilities by a peace just and honorable to both countries. On the 31st 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 re-open negotiations, of the answer of the Mexican government, and 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 conqueror 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 and the Californias, little if any further resistance is apprehended from the inhabitants to the temporary governments which have thus, from the necessity 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 26th of Feb., 1803, an appropriation of \$2,000,000,000 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 13th Feb., 1806, the same sum was in like manner appropriated, with a view to the purchase of the

Florida 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 is 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 to 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 U. States; and I invited the attention of the Spanish government to the 14th article of our treaty with that power of the 20th 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 U. S. 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 U. 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 Gen. 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 the 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 upon 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 U. States. I do not apprehend serious dangers 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 13th of June last were of the value of \$121,691,797; of which the amount exported was \$11,346,623, leaving the amount retained in the country for domestic consumption, \$110,345,174. The value of the exports for the same period was \$113,488,516; of which \$102,141,893 consisted of domestic productions, and \$11,346,623 of foreign articles.

The receipts into the Treasury for the same year were \$29,499,247 06; of which there was derived from Customs \$26,712,667 87; from sales of public lands, \$2,695,452 48, and from incidental and miscellaneous sources \$92,126 71. The expenditures for the same period were \$28,031,114 20, and the balance in the Treasury on the 1st 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; of which the sum of \$17,788,799 62 was outstanding on the 4th 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 30th of June 1848—being the end of the next fiscal year—it is estimated that an additional loan of twenty-three millions 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 annual revenue of about \$2,500,000, amounting, it is estimated on the 30th of June, 1848, to \$4,000,000, 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 the source would be annually, for several years to come, between half a million and a million of dollars; & the loan required may be reduced by that amount also. Should these measures be adopted, the loan required would not probably exceed eighteen or nineteen millions of dollars—leaving in the treasury a constant supply 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 shorter 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 shorter dates.

Necessary as this measure is, to sustain the honor 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. During the existence of the war with Mexico all our resources should be husbanded, and no appropriation made except such as are absolutely necessary for

its vigorous prosecution and the due administration of the government.

The act passed our 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 certainly be 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 '42 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 the taxes were imposed not for the legitimate purpose of raising revenue, but to afford advantages to favored classes, at the expense of a large majority of their fellow citizens. Those employed in agriculture, mechanical pursuits, commerce, and navigation, were compelled to contribute from their substance to swell the profits and overgrown wealth of the comparatively few who had invested their capital in manufactures. The taxes were not levied in proportion to the value of the articles upon which they were imposed; but, widely departing from this just rule, the lighter taxes were, in many cases, levied upon articles of luxury, and high prices, and heavier taxes on those of necessity and low price, consumed by the people.

It was a system, the inevitable effect of which was to relieve favored classes and the wealthy few from contributing their just proportion for the support of government, and to lay the burden on the labor of the many, engaged in other pursuits than manufactures.

A system so unequal and unjust has been superseded by the existing law, which imposes duties not for the benefit or injury of classes or pursuits, but distributes, and, as far as practicable, equalizes the public burdens among all classes. The favored classes who under the unequal and unjust system which has been repealed, have heretofore realized large profits, and many of them amassed large fortunes, at the cost of the many who have been made tributary to them, will have no reason to complain if they shall be required to bear their just proportion of the taxes necessary for the support of government. So far from it, it will be perceived, by an examination of the existing law, that discriminations in the rates of duty imposed, within the revenue principle, have been retained in their favor. The incidental aid against foreign competition which they still enjoy gives them an advantage which no other pursuits possess; but of this none others will complain, because the duties levied are necessary for revenue. These revenue duties including freights and charges, which the importer must pay before he can come in competition with the home manufacturer in our markets, amount, on nearly all our leading branches of manufacture, to more than one-third of the value of the imported article, and in some cases to almost one-half its value. With such advantages, it is not doubted that our domestic manufactures will continue to prosper, realizing in well conducted establishments even greater profits than can be derived from any other regular business. Indeed, so far from requiring the protection of even incidental revenue duties, our manufactures in several leading branches are extending their business, giving evidences of great ingenuity and skill, and of their ability to compete, with increased prospect of success, for the open market of the world. Domestic manufactures, to the value of several millions of dollars, which cannot find a market at home, are annually exported to foreign countries. With such rates of duty as those established by the existing law, the system will probably be permanent; and capitalists, who have made or shall hereafter make, their investments in manufactures, will know upon what to rely. The country will be satisfied with these rates, because the advantages which the manufacturers still enjoy result necessarily from the collection of revenue for the support of government. High protective duties, from their unjust operation upon the masses of the people, cannot fail to give rise to extensive dissatisfaction and complaint, and to constant efforts to change or repeal them, rendering all investments in manufactures uncertain and precarious. Lower and more permanent rates of duty, at the same time that they will yield to the manufacturer fair and remunerating profits, will secure him against the danger of frequent changes in the system, which cannot fail to ruinously affect his interests.

Simultaneously with the relaxation of the restrictive policy by the United States, Great Britain, from whose example we derived the system, has relaxed hers. She has modified her corn laws, and reduced many other duties to moderate revenue rates. After ages of experience, the statesmen of that country have been constrained by a stern necessity, and public opinion having its deep foundation in the sufferings and wants of impoverished millions, to abandon a

system the effect of which was to build up immense fortunes in the hands of the few, and to reduce the laboring millions to pauperism and misery. Nearly in the same ratio that labor was depressed, capital was increased and concentrated by the British protective policy.

The evils of the system in Great Britain were at length rendered intolerable, and it has been abandoned, but not without a severe struggle on the part of the protected and favored classes to retain the unjust advantages which they have so long enjoyed. It was to be expected that a similar struggle would be made by the same classes in the U. S., whenever an attempt was made to modify or abolish the same unjust system here.—The protective policy had been in operation in the U. S. for a much shorter period, and its pernicious effects were not, therefore, so clearly perceived and felt. Enough, however, was known of these effects to induce its repeal.

It would be strange if, in the face of the example of Great Britain, our principal foreign customer, and of the evils of a system rendered manifest in that country by long and painful experience, and in the face of the immense advantages which under a more liberal commercial policy, we are already deriving and must continue to derive by supplying her starving population with food, the U. S. should restore a policy which she has been compelled to abandon, and thus diminish her ability to purchase from us the food and other articles which she so much needs, and we so much desire to sell.

By the simultaneous abandonment of the protective policy by Great Britain and the United States, new and important markets have already been opened for our agricultural and other products; commerce and navigation have received a new impulse; labor and trade have been released from the artificial trammels which have so long fettered them; and to a great extent reciprocity, in the exchange of commodities, has been introduced at the same time by both countries, and greatly for the benefit of both. Great Britain has been forced by the pressure of circumstances at home, to abandon a policy which has been upheld for ages, and to open her markets for our immense surplus of breadstuffs; and it is confidently believed that other powers of Europe will ultimately see the wisdom, if they be not compelled by the pauperism and sufferings of their crowded population, to pursue a similar policy. Our farmers are more interested in maintaining the just and liberal policy of the existing law than any other class of our citizens. They constitute a large majority of our population; and it is well known that when they prosper, all other pursuits prosper also. They have heretofore not only received none of the bounties or favors of government, but by the unequal operations of the protective policy, have been made, by the burdens of taxation which it imposed, to contribute to the bounties which have enriched others.

When a foreign as well as a home market is opened to them, they must receive, as they are now receiving, increased prices for their products. They will find a ready sale, and at better prices, for their wheat, flour, rice, Indian corn, beef, pork, lard, butter, cheese, and other articles, which they produce. The home-market alone is inadequate to enable them to dispose of the immense surplus of food and other articles which they are capable of producing, even at the most reduced prices, for the manifest reason that they cannot be consumed in the country. The U. States can, from their immense surplus, supply not only the home demand, but the deficiencies of food required by the whole world.

That the reduced production of some of the chief articles of food in Great Britain and other parts of Europe, may have contributed to increase the demand for our breadstuffs and provisions, is not doubted; but that the great and efficient cause of this increased demand, and of increased prices, consists in the removal of artificial restrictions heretofore imposed, is deemed to be equally certain. That our exports of food, already increased and increasing beyond former example, under the more liberal policy which has been adopted, will be vastly enlarged, unless they be checked or prevented by a restoration of the protective policy, cannot be doubted. That our commercial and navigating interests will be enlarged in a corresponding ratio with the increase of our trade, is equally certain; while our manufacturing interests will still be the favored interests of the country, and receive the incidental protection afforded them by revenue duties; and more than this they cannot justly demand.

In my annual message of December last, a tariff of revenue duties, based upon the principles of the existing law was recommended; and I have seen no reason to change the opinion then expressed. In view of the probable beneficial effects of that law, I recommend that the policy established by it be maintained. It has but just commenced to operate; and to abandon or modify it without giving it a fair trial, would be inexpedient and unwise. Should defects in any of its details be ascertained by actual experience to exist, these may be hereafter corrected; but until such defects become manifest, the act should be fairly tested.

It is submitted to your consideration, whether it may not be proper, as a war