interests of the United States. Good policy, no less than a faithful compliance with our treaty obligations, requires that the considerable appropriation demanded should be made.

A detailed statement of the condition of the finances will be presented to you in the annual report of the Secretary of the Treasury. The imports for the last fiscal year, ending on the thirtieth of June, 1847, were of the value of one hundred and forty-six million five hundred and forty-five thousand eight hundred and thirty-eight dollars, a sum which the amount imported was eight times greater than the amount imported in 1843, which was only one hundred and fifty-seven millions seven hundred and eighty-eight thousand six hundred and twenty-two dollars, leaving one hundred and fifty-eight millions five hundred and thirty-four thousand four hundred and eighty dollars to the country for domestic use. The value of the exports for the same period was one hundred and fifty-eight million six hundred and forty-eight thousand six hundred and twenty-two dollars, of which one hundred and fifty million six hundred and thirty-seven thousand four hundred and sixty-four dollars consisted of domestic productions, and eight million eleven thousand one hundred and fifty-eight dollars of foreign articles.

The receipts into the treasury for the same period amounted to twenty-six million three hundred and forty thousand seven hundred and ninety-dollars and thirty-seven cents, of which there was derived from customs twenty-three million seven hundred and forty-seven thousand eight hundred and sixty-four dollars and sixty-six cents; from sales of public lands two million four hundred and three-eighths thousand three hundred and thirty-five dollars and twenty cents; and from incidental and miscellaneous sources, one hundred thousand five hundred and twenty dollars and fifty-one cents. 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 tariff act of 1842 the amount received from customs was seven million eight hundred and forty-two thousand three hundred and six dollars and ninety cents, and during the seven months under the act of 1846, the amount received was fifteen million one hundred and five thousand five hundred and forty-seven dollars and seventy-six cents.

The net revenue from customs during the year ending on the first of December, 1846, being the last year under the operation of the tariff act of 1842, was twenty-two million one hundred and seventy-one thousand four hundred and three dollars and ten cents, and the net revenue from customs during the year ending on the first of December, 1847, being the first year under the operation of the tariff act of 1846, was about thirty-one million five hundred thousand dollars; being an increase of revenue for the first year under the tariff act of 1846, of more than eight million five hundred thousand dollars over that of the last year under the tariff of 1842.

The expenditures during the fiscal year ending on the thirtieth of June last, were fifty-nine million four hundred and fifty-one thousand one hundred and seventy-seven dollars and sixty-five cents; of which three million five hundred and twenty-two thousand and eighty-two dollars and thirty-seven cents were 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 fifty-five million nine hundred and twenty-one thousand and ninety-three dollars and twenty-eight cents.

It is estimated that the receipts into the treasury for the fiscal year ending on the thirtieth of June, 1848, including the balance in the treasury on the first of July last, will amount to forty-two million eight hundred and eighty-six thousand five hundred and forty-five dollars and eighty cents, of which forty-one million, it is estimated, will be derived from customs; three million five hundred thousand from the sale of the public lands; four hundred thousand from incidental sources, including sales made by the Secretary of the Treasury, and six hundred and ninety-four dollars and fifty-five cents from balances carried forward and specially 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 the treasury notes, to fifty-eight million six hundred and seventy-seven thousand and sixty dollars and seventy cents.

On the first of the present month the amount of the public debt, as stated monthly, exclusive of treasury notes, was fifty-nine million six hundred and nineteen thousand six hundred and fifty-nine dollars and fifty cents. The public debt on the 4th March, 1845, including treasury notes, was stated at seventy-three millions seven hundred and eighty-eight thousand seven hundred and ninety-nine dollars and sixty-seven cents, and, consequently, the addition made to the public debt since that time is twenty-seven million eight hundred and seventy thousand eight hundred and fifty-nine dollars and seventy-eight cents.

Of the loan of twenty-three millions, authorized by the act of the 28th of January, 1847, the sum of one million was paid out to the public creditors, or exchanged at par for specie; the remaining eighteen millions was offered for specie to the highest bidder not 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 one-eighth of one per cent. to two per cent. above par. The premium has been paid into the treasury, and the same awarded deposited in specie in the treasury as fast as it was required by the wants of the government.

To meet the expenditures for the remainder of the present and for the next fiscal year, ending on the 30th of June, 1848, a further loan, in aid of the ordinary revenues 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 eighteen million five hundred thousand dollars. If the duty on tea and coffee be imposed, and the graduation of the price of the public lands shall be made at an early period of your session, as recommended, the loan for the present fiscal year may be reduced to seventeen millions of dollars. The loan may be further reduced by whatever amount of expenditures can be saved by military contributions collected in Mexico. The most various 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 authorized, upon the same terms, and for the same time, as that which was authorized under the provisions of the act of the 28th of January, 1847.

Should the war with Mexico be continued until the 30th of June, 1848, it is estimated that a further loan of twenty million five hundred thousand dollars will be required for the fiscal year ending on that day, in case no duty be imposed on tea and coffee, and the public lands be not reduced and graduated in price, and no military contributions shall be collected in Mexico. If the duty on tea and coffee be imposed, and the lands be reduced and graduated in price, as proposed, the loan may be reduced to seventeen millions of dollars, 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 military contributions which may be collected in Mexico, may be sufficient. If, contrary to my expectation, 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 six millions of dollars of this amount be needed before the meeting of the session of Congress in December, 1848.

The act of the 28th of July, 1846, "reducing the duties on imports," has been in force since the first of December last; and I 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, 1847, exceeds by more than eight millions of dollars the amount received in 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 their actual value, has increased the revenue and augmented our foreign trade, all the great interests of the 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 a system just and liberal to commercial policy, are finding new and profitable markets opened for their augmented products.

Our steamers are rapidly increasing, and are 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 is 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 them who have constructed as well as by those who have navigated them. Should the rational increase in the number of our merchant vessels be progressive, and be as great in 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.

While the interest of agriculture, of commerce, and of navigation have been enlarged and invigorated, it is highly gratifying to observe that the manufactures are also in a prosperous condition. None of the ultimate effects upon this interest, which were apprehended by some, as the result of the operation of the revenue system established by the act of 1846, have been experienced. On the contrary, the number of manufactories, and the amount of capital invested in them, is steadily and rapidly increasing, affording gratifying proofs that American enterprise and skill employed in this branch of domestic industry, with its other advantages than those lately and incidentally arising 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 profits 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 and permanent employment than at any other country, or at any previous period of our own 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 prosperous, and of the successful operation of the revenue act of 1846, every consideration of public policy recommends that it shall remain unchanged. It is hoped that the system of import duties which it established may be regarded as the permanent policy of the country, and that the great interests affected by it may not again be subject to be injuriously disturbed, as they have been twice before by frequent and contradictory changes.

For the purpose of increasing the revenue, and without changing or modifying the rates imposed by the act of 1846 on the articles enumerated in that revenue law, I again invite your favorable consideration to 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 resources. It is a tax which would be generally diffused among the people, that it would be collected exclusively by many, and be entirely free of its evils. It is believed that there are not, in the list of imported articles, any which operate properly the subject of war duties than tea and coffee.

It is estimated that these articles, if duties should be demanded on them by a moderate duty imposed on the importation.

Should Congress avail itself of this additional source of revenue, and such a mode of raising the amount of the public loans rendered necessary by the war with Mexico, it is believed that the country, and the public creditor, will have no cause to complain of the ability and determination of the Government to meet all its engagements promptly. It would be unnecessary, and therefore inexpedient, to increase the duties on articles imported beyond the amount required for the necessary expenditures of the Government, and the payment of the interest and principal of the public debt.

Congress will be called upon to determine whether it is wise to impose the war taxes recommended, or by omitting to do so to increase the public debt. Loans may be required to prosecute the war, and who rewards provide, in some other form, to pay the semi-annual interest upon it, and ultimately to extinguish the principal. If, in addition to the duties on tea and coffee, Congress should graduate and reduce the price of such of the public lands as experience has proved will not command the price placed upon them by the Government, an additional annual revenue to the treasury of between half a million and a million of dollars, it is estimated, would be derived 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 some four millions of dollars. The duties recommended on tea and coffee, it is proposed shall be made to cease with the war, and until the public debt rendered necessary by the war shall be paid. The amount of the public debt to be contracted should be limited to the lowest practicable sum, and should be extinguished as rapidly after the cessation of the war as the means of the treasury will permit.

With this view, it is recommended that, as soon as the war shall be over, all the surplus in the treasury, not needed 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 of 1846, in augmenting the revenue and extending the commerce of the country. While it has tended to enlarge 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 collating 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 other 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 were 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 first of January last. Under the system established by it, the public 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 trade of the country.

While the fiscal operations of the Government have been conducted with regularity and ease, under this system, it has had a salutary effect in checking and preventing an undue inflation of the paper currency issued by 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 liable to be called on by the holders of their notes for their redemption, in order to obtain specie for the payment of dues 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 United States during the last fiscal year was twenty-one thousand two hundred and eighty-nine dollars, and exported, during the same period, to the amount of seventeen millions of dollars; of which there was remitted in the course of twenty-two million two hundred and seventy-six thousand one hundred and twenty-six dollars. Had the former financial system of the country been continued, and the public moneys been drawn as heretofore in bank, nearly the whole of this amount would have gone into their vaults, not to be drawn into circulation by them, but to be withheld from the hands of the people as a pecuniary fund to be employed in the operations of exchange and inside the basis of new and enormous issues of bank paper. A large proportion of the specie imported has been paid into the treasury for public dues; and other having been, to a great extent, received of the mint, has been paid out to the public creditors, and gone into circulation as a currency among the people. The amount of gold and silver coin now in circulation in the country is larger than at any former period.

The financial system established by the constitution of the treasury has been, thus far, eminently successful in its operations, and it is confidently expected that its essential principles, and especially to the vital principle which withholds the government from all connection with banks, and excludes bank paper from all revenues receivable.

In some of the departments of the general government, the appointing power is sometimes exercised by the heads of bureaus, and with respect to subordinate officers, while the appointments are made by the President, they are generally made upon the nomination of the proper bureau officer. The practice of thus delegating executive authority is not to be commended, and it is hoped that the present Chief Magistrate will find it practicable to correct it. The appointing power is a most responsible one, and should be exercised with great caution. The interests of the country are deeply involved in the faithful performance of the duties of all executive officers, and the President cannot be too careful in the selection of those who are to aid him in the discharge of his responsible duties. Where the appointing power is so numerous, it is impossible that the President can have any personal knowledge of the qualifications of more than a few of the candidates for office. He must rely upon the representations of others, and unless he is very fortunate in the confidence he reposes, he will often be deceived, and recommendations obtained by importunity, and even by falsehood, will be successful, while the modest merit of the retiring applicant is overlooked. The appointing power would be relieved from much embarrassment, and the public service would be greatly promoted, by confining the exercise of executive authority in appointments to the President and heads of departments, and by requiring all other appointments to be made by the proper head of the department in which the vacancy occurs.

It is unnecessary that I should call your attention to the state of the finances of the Post Office Department, as the Postmaster General will make to you a full report of the operations of his department during the past year. That report will, I doubt not, be satisfactory to you, and will show that the income of the department, during the present fiscal year, will be sufficient to meet its expenditures, without any call upon the treasury. The Postmaster General will also present to you the propriety of such modifications of the present laws as will, in his judgment, conduce to the convenience and accommodation of the people, and render the establishment more useful to the country. I refer you to his report for such information as he may deem it his duty to communicate, and for such recommendations as he may think proper to make.

The act of the 3d of March last, entitled "An act to provide for the settlement of claims to lands in the State of Missouri, and to enable the legal representatives of Auguste Chouteau to perfect a title to a tract of land therein mentioned," has been carried into effect by the issuing of a patent to the claimants, in pursuance of the provisions of the act. The claim was confirmed by the commissioners appointed under the act of 1824, to ascertain and adjust the claims to land in the State of Missouri and Territory of Arkansas, and was finally confirmed by the act of 1844, "supplemental to the several acts for the adjustment of claims to land in the State of Missouri and Territory of Arkansas." The claim was for a league square of land, and the patent conveys to the claimants the land in conformity with the location and survey made by the proper officers of the United States. The quantity of land embraced within the exterior lines of the survey, as returned to the General Land Office, is about 13,000 acres, and the claimants have paid into the treasury the sum of $1,625, being at the rate of $1 25 per acre for the land confirmed to them by the act of 1844.

It is estimated that not less than five millions of acres of the public lands will be surveyed and brought into market during the present year. The quantity offered and sold for cash, under graduated prices, during the year ending on the 30th of June, 1847, was 1,497,450 acres, which yielded $1,871,812 50. The quantity sold for cash annually since 1840 has been much greater than during any preceding period of equal length. Large profits have been derived by them who have constructed as well as by those who have navigated them. Should the rational increase in the number of our merchant vessels be progressive, and be as great in 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.

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With this view, it is recommended that, as soon as the war shall be over, all the surplus in the treasury, not needed 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.

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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 were 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 first of January last. Under the system established by it, the public 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 trade of the country.

While the fiscal operations of the Government have been conducted with regularity and ease, under this system, it has had a salutary effect in checking and preventing an undue inflation of the paper currency issued by 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 liable to be called on by the holders of their notes for their redemption, in order to obtain specie for the payment of dues 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 United States during the last fiscal year was twenty-one thousand two hundred and eighty-nine dollars, and exported, during the same period, to the amount of seventeen millions of dollars; of which there was remitted in the course of twenty-two million two hundred and seventy-six thousand one hundred and twenty-six dollars. Had the former financial system of the country been continued, and the public moneys been drawn as heretofore in bank, nearly the whole of this amount would have gone into their vaults, not to be drawn into circulation by them, but to be withheld from the hands of the people as a pecuniary fund to be employed in the operations of exchange and inside the basis of new and enormous issues of bank paper. A large proportion of the specie imported has been paid into the treasury for public dues; and other having been, to a great extent, received of the mint, has been paid out to the public creditors, and gone into circulation as a currency among the people. The amount of gold and silver coin now in circulation in the country is larger than at any former period.

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Under the discretionary authority conferred by the act of the 21 of March last, the annuities due to the various tribes have been paid during the present year to the heads of families instead of to their chiefs, or such persons as they might designate, as required by the laws previously existing. This mode of payment has given general satisfaction to the great body of the Indians. Matters incident to it have come to them and they are entitled to the government for it. A few chiefs and interested persons may object to this mode of payment, but it is believed to be the only mode of preventing fraud and imposition from being practised upon the great body of common Indians, constituting a majority of all the tribes.

It is gratifying to perceive that a number of the tribes have recently manifested an increased interest in the establishment of schools among them, and are making rapid advances in agriculture—some of them producing a sufficient quantity of food for their support, and in some cases a surplus to dispose of to their neighbors. The comforts by which those who have received even a very limited education, and have engaged in agriculture, are surrounded, tend gradually to draw off their less civilized brethren from the precarious means of subsistence by the rivers, to habits of labor and civilization.

The accompanying report of the Secretary of the Navy presents a satisfactory and gratifying account of the condition and operations of the naval service during the past year. Our squadrons have been pursued with distinguished success, and with safety and honor, in every quarter of the globe to the protection of our flag, which the navy has caused to be respected in the most distant seas.

In the Gulf of Mexico, and in the Pacific, skirmishes and many of our squadrons have displayed distinguished gallantry, and performed valuable services. In the early stages of the war with Mexico, her ports on both coasts were blockaded, and some recently many of them have been captured and held by the navy. When acting in conjunction with the land forces, the naval officers and men have performed gallant and distinguished services on land as well as on water, and deserve the high commendation of the country.

While other and more powers are calling to their standards large numbers of new recruits, it was wise policy on your part to make another addition to our army. The four new regiments authorized by the act of the 19th of March, 1847, are required for completion.

In addition to the four new regiments authorized by this act, the Secretary of the Navy has, in pursuance of its provisions, entered into contracts for the construction of five steamers, to be employed in the transportation of the United States mail "from New York to New Orleans, touching at Charleston, Key West, and Havana, and from Havana to Chagres." The three steamers to be employed in the service from Panama to Oregon, so as to connect with the mail from the Sandwich Islands, to the United States, and for the steamers to be employed in like manner from New York to Liverpool. These steamers will be the property of the government, but are to be built, under the superintendence and direction of a naval constructor and engineer of the Navy Department, and to be so constructed as to render them convertible at the least cost into vessels of war, and vessels of the first class. In addition to the above number of naval officers, as well as that officer legally entitled to the command of them, authority is reserved to the Navy Department of all persons "peculiarly necessary in the line of their profession" and who were employed in the service of the United States on the first day of January, 1847, to the number allowed by law.

The recent capture of Vera Cruz and the triumphant march of the victorious army of General Scott from that city to the capital of the republic, and the brilliant victories which attended it, have elicited the admiration of the world. The history of war presents no more brilliant or successful campaign. Deeply impressed with the justice of our cause, and with confidence in the valor of our troops, he took the precaution to provide his army with all the means which were deemed necessary to ensure success, and his expectations have been realized to the full extent of his most sanguine hopes. The operations of the army, and the gallantry of officers and men engaged in the various battles fought, have been the subject of the highest encomiums from their General-in-Chief, and have elicited the warmest admiration of their countrymen. The nation has been proud of the heroism and good conduct of its citizen soldiers, who have rallied promptly in defence of their country's flag, and have shed new lustre upon the American character on the battle-fields of Mexico. To the brave officers and soldiers who have survived the perils of the service, and returned to their homes, the country owes a debt of gratitude which can never be repaid. Their names will be remembered when those who have been base enough to detract from their fame by secret slander or open denunciation shall be forgotten, or be remembered only to be despised.

The operations of the army under the command of General Taylor, in the valley of the Rio Grande, and in the mountainous region of Monterey, have been characterized by signal success, and have elicited the admiration of the country. The battles of Palo Alto, Resaca de la Palma, Monterey, Buena Vista, and the capture of Vera Cruz, Cerro Gordo, Jalapa, Puebla, and the city of Mexico, will be conspicuous in the military annals of the country, and will be remembered as long as valor and patriotism are held in honor among men.

The unparalleled success which has attended the operations of our arms in Mexico, is to be attributed, under the favor of Divine Providence, to the valor of our troops, and the skill of their commanders. The nation has been proud of the heroism and good conduct of its citizen soldiers, who have rallied promptly in defence of their country's flag, and have shed new lustre upon the American character on the battle-fields of Mexico. To the brave officers and soldiers who have survived the perils of the service, and returned to their homes, the country owes a debt of gratitude which can never be repaid. Their names will be remembered when those who have been base enough to detract from their fame by secret slander or open denunciation shall be forgotten, or be remembered only to be despised.

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