

government has established tribunals by which an American citizen can recover debts due from British subjects.

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

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

The Secretary of State has submitted an estimate to defray the expenses of opening diplomatic relations with the Papal States. The interesting political relations in progress in those States, as well as our commercial interests, have rendered such a measure highly expedient. Estimates have also been submitted of out fits of Charles d'Affaires to the republics of Bolivia, Guatemala and Ecuador. The manifest importance of cultivating the most friendly relations with all the independent States of this continent, has induced me to recommend appropriations necessary to the maintenance of these missions.

I recommend to Congress that an appropriation be made to be paid the Spanish Government, to be distributed among the claimants in the Amistad case. I entertain the opinion that this is due to Spain, under the treaty of 20th October, 1795, and moreover, from the earnest manner in which the claim continues to be urged. So long as it remains unadjusted, it will be a source of irritation between the two countries, which may prove highly prejudicial to the interests of the United States. Good policy, no less than a faithful compliance with our treaty obligations, requires that the inconsiderate appropriation should be made.

A detailed statement of the condition of the finances will be presented in the annual report of the Secretary of the Treasury. The imports for the fiscal year ending on the 30th June, 1847, were \$143,545,638, of which the amount exported was \$8,011,153, leaving \$135,534,485 in the country, for domestic use. The value of the exports for the same period, was \$158,648,622, of which \$150,637,554 consisted of domestic productions, and \$8,011,153 of foreign articles.

The receipts into the Treasury amounted to \$26,346,709.37; of which there was derived from customs \$23,747,564.66— from sales of public lands, \$2,498,335.20— and from incidental and miscellaneous sources; \$100,570.51. The last fiscal year, during which this amount was received, embraced five months under the tariff act of 1842, and seven months during which the tariff act of 1846 was in force. During the five months under the operation of the tariff act of 1842, the amount received from customs was \$7,842,306.90, and during the seven months under the act of 1846, the amount received was \$17,905,557.76.

The net revenue from customs in the year ending on the 1st of December, 1846, being the last year of the tariff act of 1842, was \$22,071,403.10; and the net revenue from customs, during the year ending December 1st, 1847, being the first year under the operation of the tariff act of 1846, of more than \$5,500,000, over that of the last year over the tariff of 1842.

The expenditures during the fiscal year ending on the 30th of June last, are \$59,451,177.65; of which \$3,552,092.37 was on account of payments of principal and interest of the public debt, including treasury notes redeemed and not funded. The expenditures, exclusive of payment of public debt, were \$55,925,085.28.

It is estimated that the receipts into the treasury for the fiscal year ending 30th June, 1848, including balance in the treasury on the 1st of July last, will amount to \$42,886,545.80; of which \$31,000,000, it is estimated, will be derived from customs.—\$3,500,000 from the sale of the public lands.—\$400,000 from incidental sources, including sales made by the Solicitor of the treasury.—and \$3,285,294.95 from loans already authorized by law, which, with the balance in the treasury, on the 1st 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 proposed, will amount, including the necessary payments, on account of principal and interest of the public debt, and treasury notes to \$58,615,660.07.

On the first of the present month the amount of the public debt actually incurred, including treasury notes, was \$45,659,060.40. The public debt due on the 4th March, 1845, including treasury notes, was \$17,757,709.62; and consequently the addition made to the public debt since that time, is \$27,870,869.78. Of the loan of \$28,000,000 authorized by the act of 28th of January, 1847, the sum of \$5,000,

000 was paid out to the public creditors, or exchanged at par for specie. The remaining \$13,000,000 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 to the 10th of April, 1847, when it was awarded to the several highest bidders, at a premium ranging from one eighth of one per cent, to two per cent, above par. The premium has been paid into the treasury, and the sums awarded, deposited in specie in the treasury, as fast as it was needed 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, 1849, a further loan, in aid of the ordinary revenue, will be necessary. Retaining a sufficient surplus in the treasury, the loan required for the remainder of the present fiscal year will be above \$18,500,000. If the duty on tea and coffee be imposed, and the graduation of the public lands shall be made at an early period of your session, as recommended, the loan for the fiscal year may be reduced to \$17,000,000. This may be further reduced, whatever amount of expenditures can be saved by the military contributions collected in Mexico. The most vigorous measures for the augmentation of these contributions have been directed; and a very considerable sum is expected from that source. Its amount cannot, however, be calculated with any certainty. It is recommended that the loans to be made be authorized upon the same terms, which was authorized under the provisions of the act of the 28th of January, 1847.

Should the war with Mexico be continued till the 30th of June, 1849 it is estimated that a further loan of \$20,500,000 will be required, for the fiscal year ending on that day, in case no duty be 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 reduced and graduated, in price, as proposed, the loan may be reduced to \$17,000,000; and will be subject to be still further reduced by the amount of the military contributions which may be collected in Mexico. It is not proposed, however, to ask Congress for authority to negotiate the loans for the next fiscal year; as it is hoped that the loans, 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 expectations, there shall be a necessity for it, the fact will be communicated to Congress in time, for their action, during their present session. In no event will the sum exceeding \$60,000,000 of this amount be needed before the meeting of the session of Congress of 1848.

The act 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 operations have been fully realized. The public revenue derived from customs during the year ending 1st of December 1847, exceeds by more than \$8,000,000, the amount received in the preceding year, under the act of 1842, and which was superceded by it. Its effects are visible in the great and almost unexampled prosperity which prevails in almost 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 more just and liberal commercial policy, are finding new and profitable markets abroad for their augmented products.

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

Our navigation 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 those who have constructed as well as by those who have navigated them. Should the ratio of increase in the number of our merchant vessels be progressive, and be as great for the future as during the past year, the time is not distant when our tonnage and commercial marine will be larger than that of any other nation in the world.

Whilst the interests of agriculture, of commerce, and of navigation have been enlarged and invigorated, it is highly gratifying to observe that our manufactures are also in a prosperous condition. None of the ruinous effects upon this interests, 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 manufactures, 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 no other advantages than those fairly and incidentally accruing from a just system of revenue duties, are abundantly able to meet successfully all competition from abroad, and still derive fair and remunerating profits.

While capital invested in manufactures is yielding adequate and fair 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 in 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 prosperity, 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 impost 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 heretofore been, by frequent and sometimes sudden changes.

For the purpose of increasing the revenue, and without changing or modifying the rates imposed by the act of 1846 on the dutiable articles embraced by its provisions, I again recommend to your favorable consideration the expediency of levying a revenue duty on tea and coffee. The policy which exempted these articles from duty during peace, and when the revenue to be derived from them was not needed, ceases to exist when the country is engaged in war, and requires the use of all its available resources. It is a tax which would be so generally diffused among the people, that it would be felt oppressively by none, and be complained of by none. It is believed that there are not, in the list of imported articles, any which are more properly the subject of war duties than tea and coffee.

It is estimated that three millions of dollars would be derived annually by a moderate duty imposed on these articles.

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

Congress if, therefore, called upon to determine whether it is wisest to impose the war duties recommended, or, by omitting to do so, increase the public debt annually three millions of dollars so long as loans shall be required to prosecute the war, and afterwards provide, in some other form, to pay the semi-annual interest upon it, and ultimately to extinguish the principal. If, in addition to these duties, Congress should graduate and reduce the 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 income 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 near four millions of dollars. The duties recommended to be levied on tea and coffee, it is proposed shall be limited in their duration to the end of the war, and until the public debt rendered necessary to be contracted by it shall be discharged. The amount of the public debt to be contracted should be limited to the lowest practicable sum, and should be extinguished as early after the conclusion of the war as the means of the treasury will permit.

With this view, it is recommended that, as soon as the war 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 sixth of August, 1846, 'to establish a warehousing system,' has been in operation more than a year, and has proved to be an important auxiliary to the tariff act of 1846, in augmenting the revenue, and extending the commerce of the country.—Whilst 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 were 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 further 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.

Whilst 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, and to keep their 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 duties and other public dues. The banks, therefore, must keep their business within prudent limits, and be always in a condition to meet such calls, or run the hazard of being compelled to suspend specie payments, and be thereby discredited. The amount of specie imported into the United States during the last fiscal year was twenty-four million one hundred and twenty-one thousand two hundred and eighty-nine dollars; of which there was retained in the country twenty-two million two hundred and seventy-six thousand one hundred and seventy dollars. Had the former financial system prevailed, and the public moneys been placed on deposit in banks, nearly the whole of this amount would have gone into their vaults, not to be thrown into circulation by them, but to be withheld from the hands of the people as a currency, and made the basis of new and enormous issues of bank paper. A larger proportion of the specie imported has been paid into the treasury for public dues; and after having been, to a great extent, received at the mint, has been paid out to the public creditors, and gone into circulation as 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 constitutional treasury has been, thus far, eminently successful in its operations; and I recommend and adhere to all its essential provisions, an especially to that vital provision which wholly separates the government from all connexion with banks, and excludes bank paper from all revenue receipts.

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

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

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

Experiences has proved that foreign coin, and especially foreign gold coin, will not circulate extensively as a currency among the people. The important measure of extending our specie circulation, both of gold and silver, and of diffusing it among the people, can only be effected by converting such foreign coin into American coin. I repeat the recommendation contained in my last annual message for the establishment of a branch of the mint of the United States at the city of New York.

All the public lands which had been surveyed and were ready for market have been proclaimed for sale during the past year. The quantity offered and to be offered for sale, under proclamations issued since the first of January last, amounts to nine million one hundred and thirty-eight thousand five hundred and thirty-one acres. The prosperity of the western States and Territories in which these lands lie will be advanced by their speedy sale. By withholding them from market, their growth and increase of population would be retarded, while thousands of our enterprising and meritorious frontier population would be deprived of the opportunity of securing homesteads for themselves and their families. But in addition to the general considerations which rendered the early sale of these lands proper, it is a leading object at this time to derive a large sum as possible from this source, and thus diminish, by that amount, the public loan rendered necessary by the existence of a foreign war.

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

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

Many millions of acres of public lands lying within the limits of several of the western States have been offered in the market, and been subject to sale at private entry for more than twenty years,

and large quantities for more than thirty years, at the lowest price prescribed by the existing laws, and it has been found that they will not command that price.—They must remain unsold and uncultivated for an indefinite period, unless the price demanded for them by the government shall be reduced. No satisfactory reason is perceived why they should be longer held at rates above their real value. At the present period an additional reason exists for adopting the measure recommended. When the country is engaged in a foreign war, and we must necessarily resort to loans, it would seem to be the dictate of wisdom that we should avail ourselves of all our resources, and thus limit the amount of the public indebtedness to the lowest possible sum.

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

If the right of pre-emption be thus extended, it will embrace a large and meritorious class of our citizens. It will increase the number of small freeholders upon our borders, who will be enabled thereby to educate their children and otherwise improve their condition, while they will be found at all times, as they have ever proved themselves to be in the hour of danger to their country, among our hardiest and best volunteer soldiers, ever ready to tender their services in case of emergency; and among the last to leave the field as long as an enemy remains to be encountered. Such a policy will also impress these patriotic pioneer emigrants with deeper feelings of gratitude for the parental care of their government, when they find their dearest interests secured to them by the permanent laws of the land, and that they are no longer in danger of losing their homes and hard-earned improvements by being brought into competition with a more wealthy class of purchasers at the land sales.

The attention of Congress was invited, at their last and the preceding session, to the importance of establishing a Territorial government over our possessions in Oregon; and it is to be regretted that there was no legislation on the subject.—Our citizens who inhabit that distant region of country are still left without the protection of our laws, or any regularly organized government. Before the question of limits and boundaries of the territory of Oregon was definitely settled, the inhabitants had established a temporary government of their own. Besides the want of legal authority for continuing such a government, it is wholly inadequate to protect them in their rights of person and property, or to secure to them the enjoyment of the privileges of other citizens, to which they are entitled under the constitution of the United States.—They should have the right of suffrage, be represented in a Territorial legislature, and by delegatio in Congress; and possess all the rights and privileges which citizens of other portions of the Territories of the United States have heretofore enjoyed, or may now enjoy.

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

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

Congress, at its last session, established post-routes leading to Oregon, and between different points within that territory, and authorized the establishment of post offices at Astoria and such other places on the coasts of the Pacific, within the territory of the United States, as the public interests may require.—Post offices have accordingly been established, deputy postmasters appointed, and provision made for the transportation of the mails.

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

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

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

I refer you to the accompanying report of the Secretary of War for a detailed account of the operations of the various branches of the public service connected with the department have been unusually

onerous and responsible during the past year, and have been discharged with ability and success.

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

Between one and two thousand Indians, belonging to several tribes, have been removed during the year from the east of the Mississippi to the country allotted to them west of that river, as their permanent home; and arrangements have been made for others to follow.

Since the treaty of 1846 with the Cherokee, the feuds among them appear to have subsided, and they have become more united and contented than they have been for many years past. The commissioners, appointed in pursuance of the act of June 27th, 1846, to settle claims arising under the treaty of 1835—36 with that tribe, have executed their duties; and after a patient investigation, and a full and fair examination of all the cases brought before them, closed their labors in the month of July last. This is the fourth board of commissioners which has been organized under this treaty. Ample opportunity has been afforded to all those interested in bringing forward their claims. No doubt is entertained that impartial justice has been done by the late board, and that all valid claims embraced by the treaty have been considered and allowed. This result, and the final settlement to be made with this tribe, under the treaty of 1846, which will be completed and laid before you during your session, will adjust all questions of controversy between them and the United States, and produce a state of relations with them simple, well-defined, and satisfactory.

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

This mode of payment has given general satisfaction to the great body of the Indians; justice has been done to them and they are grateful to the government for it. A few chiefs and interested 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 the common Indians, constituting a majority of all the tribes.

It is gratifying to perceive that a number of the tutors have recently manifested an 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 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 the less civilized brethren from the precarious means of subsistence, by the chase, to habits of labor and civilization.

The accompanying report of the Secretary of the Navy presents a satisfactory account of the service during the last year. Our commerce has been pursued with increased activity, and with safety and success in every quarter of the globe under the protection of our flag, which the Navy has caused to be respected in the most distant seas.

In the Gulf of Mexico and the Pacific, the officers and men of our squadron have displayed distinguished gallantry, and have performed valuable services.

In the early stage of the war with Mexico, her ports on both coasts were blockaded, and more recently many of them have been captured and held by the Navy. Whilst acting in co-operation 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 maritime powers are adding to their navies large numbers of war steamers, it is a wise policy on our part, to make similar additions to our navy.—The four war steamers authorized by the 3d of May, 1837, are in course of construction.

In addition to the four war steamers authorized by this act, the Secretary has, in pursuance of its provisions, entered into contract for the four steamers to be employed in the transportation of the United States Mail from New York to New Orleans, touching at Savannah and Havana, and from Havana to Chagres;—for three steamers to be employed in like manner from Panama to Oregon, so as to connect with the mail to Chagres across the Isthmus, and for five steamers to be employed in like manner to Liverpool. These steamers will be the property of contractors, but to be built under the superintendants and direction of a naval constructor, in the employ of the navy department, and to be so constructed as to render them convertible at the least possible expense into war steamers of the