

LETTER LIII.

MY MISSION TO MEXICO.

I HAVE hitherto avoided saying anything of the course of the mission which was the ostensible object of my visit to Mexico; but as it was of a public nature, and had no small bearing on the financial and even political affairs of the republic, I propose here to sum up, as concisely as I can, the results of my operations as commissioner of the Mexican bondholders.

On the 11th of June, I addressed a long letter to Mr. Arrangoiz, recapitulating all that had taken place since my arrival; and ten days after writing that letter, I determined to employ Don Ramon Olarté, a palace-broker, as a medium of communication between Mr. Arrangoiz and myself. Mr. Mackintosh, I am bound to say, did not approve of this step; but I took it after mature consideration, having at the same time, as I had throughout, the support and friendship of Mr. M. to depend upon, even although we might

differ somewhat as to the best mode of arriving at our common object.

I agreed to secure to Mr. Olarte one-half per cent. on such portion of the indemnity-money as we might recover, and to increase his brokerage to one per cent., should arrangements with the Government be made to my satisfaction.

I pass over all the difficulties which successively arose in my endeavours to arrive at such a final convention regarding the exterior debt of Mexico, as I believed would be at once carried here, and acceptable to the bondholders at home. Never was there a more arduous or more difficult task undertaken, considering the discordant elements which I was forced to blend into one. Suffice it to say, that after a fortnight's patient labour and anxious consideration had been exhausted in my negotiation with the Executive, Mr. Arrangoiz and I finally signed, on the 7th inst., the convention, which, translated into English, follows this letter.*

The Executive believed that they could secure the ratification of the settlement by congress; and I made no doubt that, after due explanation,

* See Appendix.

it would be at once accepted by the bondholders in London, as the very best bargain which, in her actual state, could be made for them with Mexico.

Mr. Mackintosh entirely approved of the terms which I obtained, as did Mr. Doyle, Mr. Escandon, and other immediate friends; while I may safely aver, that the public at large was surprised to find the universal anticipations of the total failure of my mission thus contradicted by the event. And on all sides the convention was characterised as highly favourable for the bondholders, even after all the new sacrifices I had made.

My undeviating object was to make a convention that could be practically carried out in its detail. To attempt this and a continuation of the *nominal* payment of the five-per-cent. interest was wholly and totally impracticable. Hence the concessions, which in this respect were for ten years, stipulated.

As soon as the terms for our convention were known, and indeed, *before* we had concluded, I fancy our opposing party began their machinations to defeat us in congress. The consequence was, from Monday, the 9th, a sort of crisis in public affairs,

which ended in the absolute resignation of Mr. Arangoiz as minister of finance. He was, with many other absurd allegations, accused of having been corrupted by English gold, and, honourable and upright as any minister I have known, he indignantly refused to remain in office under imputations at once so monstrous and so unjust.

Meantime, with my friends, I was working, I may say, night and day to influence the ratification of the convention in the Chamber of Deputies, and, although we had many and *unscrupulous* opposers there, I had every reason to believe success would be on our side. The Senate also was moved to reject the agreement, but I knew that if the Chamber supported the Executive, the Senate would not withstand public opinion. In the Chamber we had almost all the respectable party with us, particularly Mr. C—, the President, a man who, for his integrity and abilities, stands certainly as high as any other in the country; while the three members of the Committee of Public Credit, all respectable men, were with us; and they determined to report favourably on the convention. I requested to have a conference with the Committee, which was agreed to. I had

also a most satisfactory interview with Mr. C—, the President of the Chamber; and indeed I was becoming favourably known to many of the leading men here, who desired to see justice done to the Bondholders.

I wished the question to be amply discussed by the public press; for the more the business was comprehended, the more reason we should have to anticipate a triumph. Mr. Doyle, although scarcely recovered from a very serious illness, continued to exert himself with energy on our behalf, and Mr. Mackintosh went on taking every step to secure our success. In short, nothing was left undone; and, for the honour of Mexico, as well as for her own good, we hoped, as we certainly did expect, that the contract would be ratified.

As we could not, however, be absolutely certain of success, I had resolved on my course, should the convention unfortunately be rejected by Congress. I intended to apply immediately to the Supreme Court of Justice for an order to oblige the Executive to pay the full amount of the *arrears* of interest, which form now a simple debt of the Government to the creditors, *uncon-*

nected with the Bonds. I had not the least doubt that such an order would be obtained. And I proposed applying by three separate petitions for each year's arrears, with interest thereon till the date of payment. We could not sue in this country for compound, but only for simple interest on the whole debt, as each portion fell due. But by applying for one year's dividends in each petition, we should lay the foundation for yearly applications in case of need hereafter, which I believed would be supported by her Majesty's Government.

Accordingly, I sent home copies of my letter to Mr. Doyle, and his answer regarding my proposed proceedings with the Supreme Court; and I begged the Committee not to lose a moment in waiting on Lord Palmerston, and endeavouring to induce him to send out his instructions to Mr. Doyle, by the way of the United States, in order to lose no time here.

I obtained some other advantages in my convention, on which I need not enter here, over and above the four and a half millions of dollars of the American Indemnity Money.

In my conference with the Committee of Public

Credit I was received very well. I dwelt for half an hour on the business, entering into all its details, and particularly into the great concession which the Bondholders had made, and the losses to which they had from time to time submitted. I laid before them the views of the Committee of Bondholders on this subject, and shewed them that I was in the predicament of carrying a contract which was distasteful to both parties. I expatiated on the disgrace which would accrue to Mexico if the contract were not ratified; and I shewed them how grateful they ought to be for the forbearance of their creditors. I also mentioned frankly all I was going to do, if the contract was *not* ratified. I retired with many assurances from Mr. Elguero, the chairman, that the Committee would support the Convention.

Mr. Arrangoiz having been offended with some proceedings of Messrs. John Schneider and Co., in regard to a dividend which was announced for payment in a sectional shape, he proceeded, with the sanction of the President and his own colleagues, to remove the Mexican Agency from the hands of their house. He gave the six months' notice required by agreement, and he named Colonel

Facio as Mexican Agent in London, with secretary and assistant to keep the accounts of the foreign debt. All this he did without communicating with me, although I heard of the proceedings through another channel; and I thought it would be right to shew Mr. Arrangoiz, that the bondholders could never consent to the receiving and distributing of their funds by a Mexican employé, however high and honourable, without any intervention on their part. Colonel Facio had previously taken his departure for England.

My reasoning on the matter satisfied Mr. Arrangoiz; and our conferences on the subject led to the special contract regarding the agency which follows the convention. I felt assured that it would meet the views of my constituents at large, though I should not have considered myself as in any way authorised to interfere with the rights of Messrs. Schneider and Co.; the removal of the agency having, in fact, been exclusively the work of the Government. Colonel Facio, whom I did not personally know, was said to be a gentleman of perfectly good faith, and desirous of doing whatever was right in his agency.

Mr. F. de P. Falconnet, agent and representative

of Messrs. Baring, Brothers, and Co., having left for the United States and England, to take his passage by the Great Western steamer, offered, in a very friendly manner, to be of any service in his power which might forward the interests of the Bondholders. I therefore agreed with him, that he should remain a short time at Washington, to ascertain how far the three payments of the indemnity money could be *at once secured* to the bondholders, and placed beyond the risk of eventualities between the United States and Mexico. Mr. Falconnet promised to use his influence quietly to bring about a friendly desire in Washington to meet the views of the bondholders, endeavouring also to engage Mr. Crampton's co-operation in the matter. Finally, Mr. Falconnet, who had on various occasions lent me his aid in carrying out my plans, offered to explain to the committee the whole course of my operations, and the motives and causes which led me to my final arrangements.

In regard to the parties with whom I had to treat directly or indirectly in forming the convention, I have to say, that Mr. Arrangoiz, the minister of finance, acted throughout with a

straightforwardness and good faith calling for the highest commendation. He showed the most praiseworthy desire to uphold the honour, and to fulfil, as far as he could, the obligations of Mexico towards her foreign creditors, the best proof of which will be found in the convention and auxiliary agreement. His Excellency the President gave his entire approval to all our arrangements; as did their Excellencies, Señor de Lacunza, the chief of the cabinet; General Arista and Doctor Jimenez, the other ministers, by whom our measures were unanimously adopted and sustained.

I am sorry to say, that the completion of the work was the last official act of Mr. Arrangoiz; for the day following he resigned his portfolio as minister of finance.

The bondholders were, throughout, under deep obligations to Mr. Doyle, Her Majesty's Chargé d'Affaires, who warmly and efficiently seconded all my efforts in this business; and, of course, my tried friends, Messrs. Mackintosh and Escandon, were of the most essential service to me in carrying it to its completion.