

willing and even anxious to labor at the very low price of 37½ cents per day, in the most healthy climate of the country.

“From this point of highest elevation, the route followed, reduces the distance to the city of Mexico to 37 leagues—making the whole distance from Vera Cruz to the capital not more than 73 leagues.

“It must be borne in mind, that in making the following estimate, we have taken into consideration the extreme low rate of wages in the country, as compared with the wages of the journeymen laborers in the United States; and this alone must make an immense difference in cost of works of the kind executed in Mexico, whenever we base our estimates upon the costs of similar works in England or in our own country.

ESTIMATE OF COST.

Section.	Leagues.		Dollars.
1st.	3	Grading from Vera Cruz to the foot of the small ridge of the Molino de Ricato, over a sandy soil, easy to excavate and transport superstructure,	125,000
2d.	2	Whole cost of the two leagues, from the last point to the river San Juan, nearly level ground, including superstructure and a stone bridge across this river,	95,000
3d.	12	Twelve leagues from the river San Juan to Boca del Monte,	450,000
4th.	6½	Six and a half leagues from Boca del Monte to the Barranca of Chichiquila—superstructure,	275,000
5th.	6½	Six and a half leagues across the Barranca of Chichiquila. This section is the most difficult and costly part of the road, and will cost over \$300,000 per mile—say, superstructure,	2,500,000
6th.	4	The next four leagues to the valley of St. Andres,	245,000
7th.	34½	From the foot of the Sierra Madre, through the northern part of the valley of St. Andres, crossing the road from Perote to Puebla, near the village of Poctarus to San Cristoval,	1,300,000
8th.	4	Four leagues from San Cristoval to the city of Mexico,	270,000
		Locomotives and cars,	550,000
		Whole cost of the road,	5,810,000

P. O. HÉBERT,
Lieut. Col. 14th Infantry”

CHAPTER VIII.
MEXICAN FINANCES.

DISORDER OF MEXICAN FINANCES — ENORMOUS USURY. — CHARACTER OF FINANCIAL OPERATIONS. — EXPENSES OF ADMINISTRATIONS. — ANALYSIS OF MEXICAN DEBT — COMPARISON OF INCOME AND OUTLAY — DEFICIT.

THE distracted political condition of Mexico since 1809, has contributed largely to the proverbial impoverishment and financial discredit of a country, which, nevertheless, has during the whole intervening period, been engaged in furnishing an important share of the world's circulating medium. The revolutionary and factious state of parties; the unrestrained ambition of leaders; the violence with which they displaced rivals; their short tenure of office when they attained power and the consequent impossibility of maturing any permanent scheme of finance; the ordinary reliance of statesmen upon a large army, and the immense cost of its support; the continual and habitual recourse to loans at ruinous rates of usury; the comparative ignorance of domestic resources and their failure of development in consequence either of intestine broils or the ignorance and slothfulness of the population, together with the plunder of the treasury by unprincipled demagogues and despots, may all be regarded as the basis of Mexican misrule and pecuniary misfortune. For nearly forty years every minister of finance has been taxed to discover means for daily support. Let us illustrate the system commonly pursued.

On the 20th of September, fifteen days before the treaty of Estansuela, the administration of president Bustamante offered the following terms for a loan of \$1,200,000. It proposed to receive the sum of \$200,000 in *cash*, and \$1,000,000 represented in the *paper* or *credits* of the government. These credits or paper were worth, in the market, nine per cent. About one-half of the loan was taken, and the parties obtained orders on the several maritime custom houses, receivable in payment of duties.

The revenues of the custom house of Matamoros, had been always appropriated to pay the army on the northern frontier of the republic, but during the administration of General Bustamante, the commandant of Matamoros issued bonds or drafts against that cus-

tom house for \$150,000, receivable for all kinds of duties as cash. He disposed of these bonds to the merchants of that port for \$100,000—and, in addition to the *bonus* of \$50,000, allowed them interest on the \$100,000, at the rate of three per cent. per month, until they had duties to pay which they could extinguish by the drafts.

Another transaction, of a singular nature, develops the character of the government's negotiations, and can only be accounted for by the receipt of some advantages which the act itself does not disclose to the public.

The mint at Guanajuato, or the right to coin at that place, was contracted for, in 1842, by a most respectable foreign house in Mexico, for \$71,000 *cash*, for the term of *fourteen years*, at the same time that another offer was before the government, stipulating for the payment of \$400,000 for the same period, payable in annual instalments of \$25,000 each. The \$71,000 in hand, were, however, deemed of more value than the prospective four hundred thousand. This mint yielded a net annual income of \$60,000.

These are a few examples presented in illustration of the spendthrift abandonment of the real resources of the country; and the character of the transactions at once discloses the true origin and continuance of national discredit. The demand of the hour was irresistible, and if the minister or the president was unable to comply with it, his political fate was sealed, perhaps forever. The *isolated* good or evil measures adopted by financiers, have only tended to augment the confusion. Each government, of the thirty or more which have swayed Mexico since her independence, has been forced to contend not only with its own errors but with those of its predecessors; and hence the public has naturally lost faith and hope in politicians as soon as they assumed the helm of state. No matter what the personal character, or what the financial talents of ministers might be, the people believed them to be immediately compromised or paralyzed by circumstances and political necessity.

We will present the reader a view of Mexican *national expenses*, according to ministerial estimates during a series of years between the establishment of the federal constitution in 1824 and the war with the United States. This statement, in regard to a country which has been stationary in population and industry, with an augmenting outlay of money, is somewhat remarkable:

1825	the national expenses were	.	\$17,100,000
1826	“ “ “	.	16,666,463
1827 to 1828	“ “ “	.	13,363,008

1828 to 1829	the national expenses were	15,604,000
1830 to 1831	“ “ “	17,438,000
1832 to 1833	“ “ “	22,392,000
According to report of commissioners to Chamber of Deputies in 1846,		21,254,134
Period of Santa Anna's administration,		25,222,304

These dates, it will be observed comprehend epochs in which the country has been governed by the federal system as well as those in which extraordinary powers were conferred on national magistrates. In the preceding yearly amounts, it should be recollected, that a few of them comprise occasional sums paid on account of the foreign and domestic debt; but, on an average, thirteen millions of dollars may be considered as the annual outlay.

In consequence of this costly government of so small a nation, a large foreign and domestic debt has been created, in addition to the liabilities of New Spain *prior* to independence, which are calculated at nearly forty-two millions.

In considering this interesting subject we have taken pains to obtain the best authorities from Mexico, and, from the reports of the ministers of finance, we reach the following results in regard to that republic's financial condition in the year 1850. Her foreign debt amounts to \$58,889,487; her home-debt to \$48,934,610; and her debt, prior to independence, to \$41,983,096, making a total of pecuniary liabilities, with interest, to the 1st of July, 1849, of one hundred and forty-nine millions, eight hundred and seven thousand, one hundred and ninety-three dollars;—the annual interest on which, alone, amounts to nearly nine millions of dollars.

Inasmuch as the clear *income* of Mexico in 1849, was not calculated at more than five millions five hundred and forty thousand one hundred and twelve dollars, while the *expenses* were rated at thirteen millions seven hundred and sixty-five thousand four hundred and thirty-five dollars, there would necessarily be an annual deficit, in the mere *current* finances, of eight millions two hundred and twenty-five thousand three hundred and twenty-three dollars. This sum, added to the actual *interest* on the national debt, shows the total yearly *deficit* in Mexico, of seventeen millions two hundred and thirteen thousand seven hundred and fifty-four dollars;—a sum larger than the present yield of all the mints in the republic.

This frightful picture of national finances is now absorbing the attention of the Mexican people and congress; and it is to be hoped that some wise plan may be devised to extricate the nation from

ruin and that the government may be sufficiently strong and enduring to carry it into effect.

ANALYSIS OF NATIONAL DEBT AND RESOURCES, 1850.

1st. THE FOREIGN DEBT.

The foreign debt of Mexico, or the liability of the national treasury to citizens or subjects of other countries, according to the statement made and approved by the meeting of *bondholders* in London on the 24th of June, 1846, was £10,241,650, or, in Mexican currency, at \$5 the £, to \$51,208,250
This capital, according to agreement with the bondholders, bears an annual interest of 5 per cent. from the 1st of July, 1846, which amounts yearly to \$2,560,412, and, up to the 1st July, 1849,—to the sum of 7,681,237

Total foreign debt to 1st July, 1849, \$58,889,487

2d. HOME DEBT.

The debt, the liquidation of which is founded upon an assignment of 26 per cent. of the income from mercantile duties, amounts to \$15,030,466
Interest on this sum to 1st July, 1849, 2,745,947
Debt created for the redemption of the old copper currency of Mexico, 2,083,205
Interest due to 1st July, 1849, 574,992
Due for indemnities, credits and contracts, 3,500,000
Due to civil and military *employées* and pensioners, 25,000,000

Total home debt, 1st July, 1849, \$48,934,610

3d. DEBT BEFORE NATIONAL INDEPENDENCE.

National debt anterior to independence, interest to 1st July, 1849, \$41,983,096

SUMMARY.

1. Foreign debt,	\$58,889,487
2. Home debt,	48,934,610
3. Debt prior to independence,	41,983,096
Total debt of Mexico,	<u>\$149,807,193</u>
The annual interest on which, at 6 per cent. is	\$8,988,431

Estimate of the Income of Mexico from the 1st July, 1848, to 1st July, 1849, according to the calculation of the Mexican minister of Finance.

Income from MARITIME DUTIES,	\$4,488,000
“ from INTERNAL DUTIES, TAXES, &c., &c.,	2,224,000
Total,	<u>\$6,712,000</u>
Deduct from this the cost of collecting this revenue and for various prior partial assignments of it,	} 1,171,888
Total income for the year,	<u>\$5,540,112</u>

EXPENSES OF THE GOVERNMENT FROM 1st JULY, 1848 TO 1st JULY, 1849.

Expenses of Legislative department,	\$720,300
“ Department of Foreign and Domestic relations,	} 898,029
“ Department of Justice,	135,550
“ “ of Finance,	5,411,984
“ “ of War,	7,769,342
“ “ Supreme Court of Justice,	330,230
Total,	<u>\$15,265,435</u>

Deduct from this the sums that may be saved by economical administration of the departments and by the improved condition or reduction of the army, say, 1,500,000
Total expenses of government, \$13,765,435

SUMMARY.

Total of National Expenses,	\$13,765,435
“ “ Income,	5,540,112
Deficit,	<u>\$8,225,323</u>
Deficit on yearly expenses,	\$8,225,323
Interest on debt,	8,988,431
Total yearly deficit,	<u>\$17,213,754</u>