

this respect to have been loosely formed. A charge of "obtaining money by false pretences" might be substantiated by those whom he induced to advance him money on the fraudulent bonds; but this would require the co-operation of those whom he defrauded, which we cannot get. He might also be convicted of fraud in the manner he obtained the contract; but this would require the presence here of General Carvajal, which appears impracticable under the circumstances. While we exceedingly regret our inability to punish Woodhouse as he deserves, we are powerless to do more than to carefully watch his proceedings and try to save the public from being swindled until he may, perhaps, place himself within the reach of our criminal law.

We have no idea that Woodhouse has placed the matter before Congress, although he may have sent his article to the Committee on Foreign Affairs; but the publication enclosed is calculated to deceive the people unless properly answered.

Our Mr. Corlies is still confined to his bed, although apparently improving. Please let us hear from you, and believe us your most obedient servants,

JOHN W. CORLIES & CO.

His Excellency M. ROMERO, *Minister, &c.*

WASHINGTON, April 20, 1867.

A true copy:

IGNO. MARISCAL, *Secretary.*

No. 99.

No. 104] MEXICAN LEGATION IN THE UNITED STATES OF AMERICA,
Washington, March 9, 1867.

Two respectable New York merchants, Mr. Frank E. Howe and Mr. F. A. Van Dyke, jr., came to see me to-day; the former brought a letter of recommendation from Mr. James W. Beekman. He told me the latter was interested in the Woodhouse affair, having advanced money, and that Mr. Howe was inclined to take an interest in it, from the contract and documents that Woodhouse had shown him, and which seemed at first view to give him certain rights. They said they could reconstruct the company of which Woodhouse was president, turning him out if necessary, and they thought they could get Congress to guarantee fifty millions in bonds, of which the company should retain twenty millions in exchange for their paper, and negotiate the remaining thirty millions for the benefit of the government.

I told them the contract was void, had been declared null by the government, and I had positive instructions not to recognize it, but if they desired to promote the interests of the republic, they could arrange some other plan and submit it to me. I did this because they are certainly persons of much respectability and good mercantile position in New York. It is evident that Woodhouse has arranged to deceive many worthy persons, and may cause much more trouble.

I repeat to you the assurances of my most distinguished consideration.

M. ROMERO.

The Citizen MINISTER OF FOREIGN RELATIONS,
Zacatecas.

WASHINGTON, April 20, 1867.

A true copy:

IGNO. MARISCAL, *Secretary.*

No. 100.

NEW YORK, *March, 7, 1867.*

MY DEAR MR. ROMERO: Allow me to present to you Colonel Frank E. Howe, of New York, who desires to see you on some Mexican affairs. He is a very worthy, respectable, and well-known merchant here, whose patriotic exertions on behalf of the soldiers of our late war have made him many friends. I commend him to your courtesy.

Very truly, your friend,

JAMES W. BEEKMAN.

HON. MATIAS ROMERO,

Mexican Minister, &c., &c., &c., Washington, D. C.

WASHINGTON, *April 20, 1867.*

A true copy:

IGNO. MARISCAL, *Secretary.*

No. 101.

[La Cronica, New York, March 30, 1867.—Communicated.]

No. 214.]

OFFICE OF THE UNITED STATES, EUROPEAN, AND
WEST VIRGINIA LAND AND MINING COMPANY,
New York, March 28, 1867.

SIR: Accept my best thanks for the excellent translation and insertion of the letter and documents I sent you, in number one hundred and eleven of your estimable paper, and insert the following explanations to-day. When I was introduced to General Carvajal, I told him my aim was to develop the resources of Mexico solely by emigration; to draw the immense trade and commerce of that country to the United States; to establish a convenient and solid medium of circulation, based upon the wealth and resources of that territory, and thus bring the bonds to be issued up to par.

To effect this, we agreed that the bonds should be consolidated on the States of Tamaulipas, San Luis Potosi, and the United States of Mexico, and should be declared legal money for the payment of custom-house duties and taxes, as well as for lands and mines.

In order to raise the Mexican bonds issued by the company to a par value, while discord continues in that country, I assured General Carvajal I would ask my government to guarantee the bonds, or let them be exchanged for United States bonds. In accordance with that promise, I tried to get an act passed by the American Congress, but found Mr. Romero, the Mexican minister, opposed to me at every step. I named three of the wealthiest and most respectable merchants of New York, James W. Beekman, Frank E. Howe, and Frederick A. Van Dyke, as commissioners, in case the bill should pass, to take the bonds to the United States treasury to be indorsed or exchanged, then to deposit them in the New York Bank of Commerce (which has a capital of several millions of dollars) for safe keeping, and to receive the proceeds of their sales as they took place, and charge them to the credit of the Mexican government to pay its drafts, according to the contract.

On the ninth instant two of the commissioners, Colonel Frank E. Howe and Frederick A. Van Dyke, jr., saw Mr. Romero in Washington, and showed him their powers in relation to this business. Mr. Romero acknowledged to these commissioners that the company, as well as myself, were released from any charge or imputation of intentions to violate, in spirit or letter, the contract with

H. Ex. Doc. 33—7

the government of Mexico. The commissioners told Mr. Romero that the senators and representatives of the United States government said, if Mr. Romero would agree with the company, the bill guaranteeing the bonds should pass, and Mexico would be furnished with all the money needed.

After that interview, Mr. Romero, after admitting I had done all I could for Mexico, sent to the committee in charge of the bill a false and malicious accusation against the integrity of the company. Now, from proof I have, I declare that Mr. Romero's sole object, end, and aim is to deprive me of the presidency of the company, so a board of directors may be formed to give him the management of the contract, so as to serve his own purposes. He offered large sums of money to effect this, to purchase our rights and convert the company into a gang of brokers. Not wishing to retire from a company whose object is to enforce the Monroe doctrine, free the country from a foreign war, open trade and commerce, protect the interests of the United States in guaranteeing the bonds, raise the credit of Mexico to a par with other nations, give a fixed currency to the country by accepted bills drawn against the bonds and made payable in New York like our greenbacks, and, in fine, to carry out the contract in good faith, I have respectfully refused all the proposals made to me.

DANIEL WOODHOUSE, *President.*

The DIRECTOR OF THE CRONICA.

No. 102.

WASHINGTON, April 2, 1867.

DEAR SIR: Mr. Daniel Woodhouse has published in La Cronica, a Spanish newspaper of your city, of the 30th ultimo, the enclosed letter, in which he mentions and gives to the public what I understood to be confidential; and, besides, he distorts my conversation with yourself and Mr. Van Dyke. In informing you of these facts I do not mean to complain in any way either of you or Mr. Van Dyke, my object being only to bring them up to your notice with a view that you will have a proof of how loose Mr. Woodhouse is in his statements. Should you think proper to rectify in any way Mr. Woodhouse's statements as contained in his card, I will be glad to have a letter from you on this subject, with authority to transmit it to my government.

Hoping you will excuse me for trespassing upon your kindness, I remain, my dear sir, very respectfully, your obedient servant,

M. ROMERO.

Colonel FRANK E. HOWE, *New York City.*

[NOTE.—Same letter was addressed on same date to Mr. F. Van Dyke, jr.]

WASHINGTON, April 20, 1867.

A true copy:

IGNO. MARISCAL, *Secretary.*

No. 103.

F. A. VAN DYKE, JR., & SON, STOCK COMMISSION BROKERS,
No. 27 Wall street, 48 Broad street, N. Y., April 3, 1867.

DEAR SIR: Your favor of the 2d instant, covering a slip from La Cronica over the signature of Daniel Woodhouse, president, and dated 28th de Marzo, de 1867, is received.

I beg to say that if the annexed translation of the paragraph beginning "El

dia y del actual" is correct, Mr. Woodhouse had no authority for making the statement embraced in the words beginning "El Señor Romero en aquella ocasion," &c., &c., as far as it pretends to report any utterance of Colonel Howe or myself. We correctly reported to Mr. Woodhouse your allegation, persistently made, that the contract held by him was void and of no binding effect upon Mexico; and we desire to express our entire disapproval of his perversion of our report.

We are friendly to Mexico and her interests, and you can rely upon it that no considerations of any nature could influence us to disclose any part of your conversation which was confidential in its character, or to distort any of your utterances in regard to the Woodhouse contract.

Very respectfully, your obedient servants,

F. A. VAN DYKE, JR.

FRANK E. HOWE.

His Excellency Mr. ROMERO, *Envoy, &c.*

[P. S.—You are authorized to forward this to your government.]

WASHINGTON, April 20, 1867.

A true copy:

IGNO. MARISCAL, *Secretary.*

No. 104.

WASHINGTON, April 2, 1867.

MY DEAR FRIEND MR. BEEKMAN: I am very sorry to see that Daniel Woodhouse has dragged you in his controversy with me about his contract with General Carvajal. In a letter he published in the Spanish paper of your city called La Cronica, a conservative and anti-American paper, supported chiefly by the Spanish government, he says he gave you a power of attorney to act with Colonel Howe and Mr. Van Dyke in a certain capacity.

I enclose to you a copy of his letter, which appeared in No. 114 of La Cronica, of the 30th ultimo.

Should you not be able to understand it, I will try and prepare a translation for you.

He distorts my conversation with Colonel Howe and Mr. Van Dyke, and I am going to send them by this mail copies of his letter.

In great haste, I am, my dear friend, most truly yours,

M. ROMERO.

Hon. JAMES W. BEEKMAN, &c., &c., &c., *New York City.*

WASHINGTON, April 20, 1867.

A true copy:

IGNO. MARISCAL, *Secretary.*

No. 105.

NEW YORK, April 3, 1867.

MY DEAR FRIEND ROMERO: I have just received your letter of yesterday containing an abstract from the Spanish paper La Cronica.

I have never seen Daniel Woodhouse nor Frederick Van Dyke to my knowledge. No power of attorney was ever given to me by D. Woodhouse, nor have I ever heard of such a thing until your letter informed me of it. I am not a merchant, nor do I ever allow my name to be connected with such enterprises.

Of course, as I do not know either Daniel Woodhouse or Frederick A. Van Dyke, there must be a mistake as to my name. Some other person must have been intended by Mr. Woodhouse, and it may be a printer's error.

I gave a letter of introduction to Colonel Howe to you at his own request. I lose no time in assuring you, therefore, that the use of my name by the Cronica is without my permission, or even knowledge.

I will thank you to have the correction as to my name made in the Spanish paper. This is due to me.

With sincere regard, I am truly your friend,

JAMES W. BEEKMAN,

No. 5 East 34th Street—Wednesday, 5 p. m.

WASHINGTON, April 20, 1867.

A true copy:

IGNO. MARISCAL, Secretary.

No. 106.

No. 108.] MEXICAN LEGATION IN THE UNITED STATES OF AMERICA,
Washington, March 15, 1867.

Daniel Woodhouse printed in pamphlet form his petition to the Congress of the United States, asking the guarantee of the loan of fifty millions in Mexican bonds, which he says he has in his possession; and, in answer to the official notice, published by this legation on the 25th of January last, in relation to the said pretended bonds, I send you a copy of it and the contract Woodhouse made with General Carvajal. He also printed a prospectus of the so-called United States, European, and West Virginia Land and Mining Company, the Carvajal contract, an argument in favor of the guarantees of the bonds by this government, and an appendix of three pages for the same purpose, all without date, and signed by Woodhouse.

Although Woodhouse is a man without social position in New York, the fact of his having succeeded in attracting the attention of some few honorable men in that city furnishes sufficient reason not to despise his slanderous publications, and pass them over in silence, as the result would be injurious to the national interests. The treachery of Woodhouse is so refined that he put the certificate which I gave to General Carvajal on the 7th of June, long before the contract was made, to his contract of the 15th of May, 1865, and made it appear as though it was intended for it, and was the official approbation for the same. In everything else Mr. Woodhouse has acted in the same bad faith.

The papers published by him are of such a nature that I take the liberty to call the particular attention of the supreme government to them. I am endeavoring to see what is best to be done; and, till I can come to some determination, I am collecting information to demonstrate the slanderous assertions of Woodhouse.

On the 12th instant I asked information of the consul general of the republic concerning the part he had taken in it, which information, dated yesterday, I received to-day. I send you a copy of both documents, together with the copy of a communication which I address this-day to General Carvajal, asking for his report. I have also requested information of C. Fuentes y Munez and of General Sturm.

On Friday and Saturday of last week I had two interviews with Mr. Howe

and Mr. Van Dyke, as I informed you in my note (No. 104) of the 9th instant. From what I then told them, and from what I said to the latter in a letter which I wrote to him on the 12th, enclosing a copy in English of the powers granted to General Carvajal, they have both declined to take part in the Woodhouse affair. In a letter from Mr. Van Dyke, which I have just received, dated yesterday in New York, among other things he writes as follows:

"After an attentive examination of the Woodhouse contract by the light which those original documents (the powers granted to General Carvajal) throw upon it, I and my companions have determined to take no part in it."

I repeat to you the assurances of my distinguished consideration.

M. ROMERO.

The Citizen MINISTER OF FOREIGN RELATIONS, Zacatecas.

WASHINGTON, April 20, 1867.

A true copy:

IGNO. MARISCAL, Secretary.

No. 107.

WASHINGTON, March 10, 1867.

DEAR SIR: In compliance with your request of yesterday I enclose to you a translation into English of General Carvajal's powers, begging you to be kind enough to return those papers to me as soon as it will suit your convenience.

I am, sir, very respectfully,

M. ROMERO.

Mr. FREDERICK A. VAN DYKE, JR., New York City.

[For enclosure of this letter see Nos. 115 and 116.]

A true copy:

WASHINGTON, April 20, 1867.

IGNO. MARISCAL, Secretary.

No. 108.

F. A. VAN DYKE, JR., & SON, STOCK COMMISSION BROKERS,
No. 27 Wall street, 43 Broad street, N. Y., March 11, 1867.

MY DEAR SIR: Your favor of yesterday is received. I have already forwarded to you the papers which I promised; they were mailed the same day when I addressed you. I now enclose the copies which you were so kind as to forward to me.

After a full examination of the Woodhouse contract in the light which these original papers throw upon it, myself and associates have concluded not to embark in it.

If in the future we can be of service to you or the nation which you represent we shall be very much pleased to do so.

Very respectfully, your obedient servant,

F. A. VAN DYKE, JR.

His Excellency Mr. ROMERO.

WASHINGTON, April 20, 1867.

A true copy:

IGNO. MARISCAL, Secretary.

No. 109.

THE UNITED STATES, EUROPEAN, AND WEST VIRGINIA LAND AND MINING COMPANY.

Prospectus.—*Contract for Mexican Interoceanic Railway, Canal and Telegraphs.*—*Capital, \$20,000,000; assets, \$85,000,000.*

D. Woodhouse, president; V. Houghton, secretary; Colonel George Mackay, civil engineer and superintendent.

(Bank of Commerce, depository under the contract, office 29 Broadway, New York city.—1867.)

The United States, European, and West Virginia Land and Mining Company is a corporation established in 1865, under the laws of the State of New York, to promote American colonization, emigration, and mining enterprises. It has a capital of \$20,000,000, and assets, as will hereafter appear, valued at \$80,000,000, to which Mexico reserves to itself the right to add \$25,000,000 by the subscription of its own people within one year after peace shall have been declared. Its franchises are as follows: 1. 250,000 acres of agricultural and mining lands in Western Virginia. 2. 4,500 square miles of agricultural lands; and, 3. 2,136 mines of fifty acres each in the republic of Mexico, to be located and worked by the grantees thereof. Certain specified grants, more fully set forth in the annexed contract with the republic of Mexico, and which may be generally, though imperfectly, stated as follows: 4. The sole right to construct a double-track railway, on a grant 150 feet wide, from Matamoras to Mazatlan, with branches to the city of Mexico, Soto la Manna, and Tampico, by routes to be determined by the grantees. 5. The payment by Mexico of all land damages incident to a right of way, and to depot accommodations, &c., for the purposes here mentioned, together with the cost of all material produced in the country and useful in the construction of said railway, such as sleepers, lumber, fencing, building materials, and the like; leaving to the company only the obligation of grading the track, laying the rails, and purchasing rolling stock. 6. The right to navigate any bay, lake, or river, in connection with, or continuation of the primary enterprise. 7. The right to construct canals wherever convenient to connect navigable waters used by this company in the prosecution or extension of its enterprise. 8. The right to construct telegraphs connecting any points which may be intersected by its works. 9. The right to sink artesian wells wherever the grantees may elect. 10. The grant of town lots, free of charge, together with requisite municipal privileges to such emigrants as under its patronage may make settlement within the territory.

It will be perceived by the foregoing that all former grants by any government to the subjects of another are thrown into the shade by the magnitude and importance of the concessions made and the prospective advantages here secured to American citizens. They cover all the rights of way hitherto sought with a view of securing exclusive control of interoceanic communications, whether by means of railway or canal. They give a virtual monopoly of all the gold and silver products, and a concentration in our commercial centres of all the trade of that country, one of the most productive and by nature most wealthy on the globe. Its unfortunate political condition has hitherto rendered it impossible to enter upon the work of colonization and internal improvements as contemplated, and so essential was quiet and order deemed to the successful issue of these enterprises, that they were by special agreement postponed until after one year from the declaration of peace.

The depressed financial credit of that republic in the market, caused by the offer of a large amount of bonds at a price so low as to effectually destroy their value as an investment, has deterred this company from offering any of the

bonds in their possession through the ordinary channels, it having been their determination that Mexico should receive the full value in money of any securities negotiated through their agency. The full amount of fifty millions of bonds, authorized by the annexed contract, is therefore now in their hands, and can be placed upon the market whenever, by the national recuperation of Mexico itself, or by the friendly indorsement of any other government, they shall acquire the commercial value to which they are entitled.

ASSETS.

For the completion of the vast enterprises contemplated the following provision is made:

Seven per cent. bonds, being amount of the Mexican grant.....	\$20,000,000
Stock of the company, say one-half thereof, at par.....	10,000,000
Subscriptions promised by Mexico and reserved to the government and people thereof.....	25,000,000
Sale of lands and mining property belonging to the company....	30,000,000
	<hr/>
	\$85,000,000

It is estimated that the whole of the internal improvements contemplated, including an interoceanic canal, can be completed for the sum of \$120,000,000.

The \$85,000,000 already provided for will be more than sufficient to complete the east and west lines of railroad and their contemplated branches, including telegraphs, &c., without any bonded debt whatever, and leave a considerable surplus to be devoted to the collateral enterprises for which provision is made.

The increase of stock incident to the enlarged operations referred to, could not be estimated at less than \$35,000,000. No bonded debt would therefore be necessary to insure their completion in all their parts.

In this calculation nothing has been said of the mines that would be developed by the railways themselves, and which it has been estimated will more than pay the cost of construction through the mountainous regions where the mines exist, and where alone deep cuts will be necessary. Let us consider what would be the effect of a successful consummation of this enterprise upon Mexico; upon the United States, and upon the future of this company. First, upon Mexico: That government possesses 166,482 square miles of territory, with a population of 8,283,000, and a present real estate valuation of \$1,335,000,000, or \$163 50 to each person. With every advantage of soil, climate, and production, and with the richest mining region on the globe, there is no reason why, by a slight infusion of American skill and capital, its property valuation should not be increased so as to compare favorably with that of the United States, which is \$404 to each individual, being nearly three times its own.

At this time Mexico produces upwards of \$24,000,000 a year in gold and silver from her mines. American skill and industry properly protected would increase that sum in an incredibly short period to \$75,000,000, to say nothing of the yield of iron, lead, zinc, copper, and precious stones which exist in untold quantities and value. Internal wealth furnishes the means for external trade, and upon the increased production and exportation of the precious metals, grain, cotton, tobacco, sugar, rice, corn, and fruit, there must follow an increased demand for and importation of all the products of more temperate latitudes, especially manufactures, instruments of husbandry and labor, works of art, and all luxuries demanded by improved social conditions. With the development of her internal forces which must inevitably follow such a system of internal improvement as is here contemplated, the commercial exchanges of that country, which now amount to about \$70,000,000, would very soon be increased more than five fold. If the wealth and importance of a people are to be determined

by the extent of its commercial intercourse with other portions of the world, the result of this enterprise will be to elevate Mexico to a first-class position among nations and return to her more than a hundred fold in value for every concession she has made and every dollar in money or credit she has granted. Second, upon the United States: By this contract the United States secure the exclusive control of a railway route from the mouth of the Rio Grande to the Pacific, reducing the passage from New York to San Francisco to less than fourteen days, or only two-thirds the time now required by the Isthmus route, and diminishing the railway transportation of the Pacific road over arid plains of alkaline dust in summer and impenetrable snows of the Sierra Nevada in winter to a two days' passage over the tierras templadas or table lands of Mexico, through a country overflowing with luxuriance and possessing the finest climate in the known world. They secure to their own citizens the bulk of all its foreign trade. It is stated on good authority that the portion of her increased commerce thus acquired would not amount to less than \$70,000,000 per annum of imports and an equal value of exports, the duties on the former of which cannot be estimated at less than \$10,000,000, probably much more, and the income tax arising from both at not less than \$600,000, making \$10,600,000 advantage to the treasury alone. They acquire forever a settlement without war or diplomacy of the doctrine that "In the hands of Americans shall remain the destinies of America," and secure to themselves the power of intervention to protect the vested rights of their citizens whenever the misrule of the Mexican government or the interference of foreign powers with its affairs shall render such intervention expedient. Finally, by the introduction of skilled labor, the increase of wealth and the extension of the means of inter-communication, they secure an assimilation of the social and political character of the people to that of our own, and a preparation for the social and political union already foreseen to be inevitable. Third, upon the fortunes of the company: After the foregoing statement, it is needless to argue that the company cannot fail to stand without a rival in the value of its stock, considered merely as an investment. Its roads will be constructed at the least cost per mile to its stockholders of any road in the world. It will possess, instead of a bonded debt, a large cash surplus, unless it should extend its operations as indicated above; and even in that case no bonded debt whatever will attach to the property and franchises secured and belonging to it. It will possess a monopoly of all the travel, traffic, and telegraphic communications of the country, and can fix such prices as will yield profits unsurpassed by any similar enterprise.

GOVERNMENT AID.

Will the United States guarantee the loan?

In obedience to the understanding had with the representative of Mexico, through whom the contract with the United States, European, and West Virginia Land and Mining Company was negotiated, that company has presented to Congress a petition embodying the wish of his government, and has respectfully asked such a guarantee of the bonds now in its hands as will give them a value, as nearly as possible, equal to that of American securities.

It is believed that, within the fifteen years limited by the contract, all that is herein contemplated can be accomplished without aid from any quarter. Should such aid be required, negotiations have already been opened by two European powers for the purchase of the bonds, on condition that their citizens shall be admitted to a participation in the benefits of the contract.

The company has, however, deferred any definite action in this matter until their own government has had an opportunity to consider and act upon the proposition already submitted to it, to guarantee the payment of the bonds at maturity, and thus furnish Mexico with \$50,000,000, greatly needed by her in her

present extremity, and this company with the means of prosecuting its enterprise to an immediate conclusion.

It is not proposed to discuss at length the great interest our people have in this measure. It is apparent such an interest exists, and rights of such importance cannot be allowed to remain unsecured. It is scarcely less apparent that the grand results can be much sooner realized if our government will give its sanction to the enterprise by appropriate legislation.

It is believed that Congress will regard such an indorsement as not only advantageous to the United States, but as demanded by the duty we owe, to a government whose persistent fidelity to republican principles at a time when we, as a nation, were in imminent peril, prevented imperialism from establishing itself firmly on this continent, and contributed thereby immeasurably to our success.

SECURITIES.

The securities to the loan granted by the President, Juarez, when his authority thereto was unquestioned, are more than ample. For its redemption at maturity and the payment of the accruing interest, are pledged eighty per cent. of the customs and other revenues of the States of Tamaulipas and San Luis Potosi, amounting to \$3,000,000 per annum, 55,000,000 acres of territory, and \$50,000,000 worth of select mineral land, to be chosen by the holders; in addition to which the bonds are made a legal tender in payment of all dues of whatever nature to the government itself.

The validity of the contract, and the value, and sufficiency of the securities guaranteed, have been submitted to eminent lawyers, both of the United States and Mexico, and unanimously sustained. Surely, neither more nor higher securities than these ought to be demanded.

THE ARGUMENTS AGAINST THE GUARANTEE.

The chief arguments adduced by the enemies of the measure are the following:

1. "That Mexico is in so unsettled a condition, that no stable executive can be said to exist with which the people of that country are satisfied."

This, instead of being an argument against, is in favor of the measure. If the government of the country was stable, and peace uninterrupted, there could not be an occasion, or even a pretext, for aid.

Aid is needed not by the strong, but by the weak. Assistance is demanded not by the rich, but by the poor. Mexico at peace, with a republican government administered with equity, and sustained by the people, would ask no favors of us or any other nation. She would be able not only to pay her debts, but to defend her territory against foreign assault.

But Mexico, oppressed by foreign domination, distracted by domestic quarrels, with its constitution practically subverted, and the political action of the country an ever-changing chimera, is a fit subject for active sympathy, aid, and intervention, especially when, by giving them, we establish forever the Monroe doctrine, and acquire to ourselves rights and privileges for which this or any other nation might well pay millions.

2. "In the present financial condition of the country, it would be inexpedient to increase the public debt or liability."

Nothing can be more unsound than this objection. So far from increasing the public debt, it is a measure specially calculated to aid in its payment. The interest on the public debt must be paid by duties on imports and taxes on profits of trade, in one form or another. Whatever measure increases either of these items of income to an amount greater than the sum expended therefor, is a positive advantage to the country, considered in reference to its finances.

Now what would be the result of this measure? It has already been shown

that, at the very least, \$70,000,000 of Mexican products and manufactures can be imported the first year after the guarantee of this loan, the adjustment of their government, the establishment of peace, and the flow of emigration, contemporaneously with the construction of the railways and the opening of the mines.

This \$70,000,000 of imports would call for a corresponding \$70,000,000 of exports. Even if the average tariff on this amount of imports was not higher than fifteen per cent., and it probably would be, the profits from that source to the government would be \$10,000,000, to which must be added at least \$600,000 for income tax arising out of the profits of trade on the whole \$140,000,000, giving a sum total of \$10,600,000 of profits not otherwise to be obtained, against a sum of \$3,500,000 interest to be possibly paid on the bonds—a gain of \$7,100,000 per annum. As a simple means of economy it is, therefore, commended to our adoption, and would be wisely repeated whenever the same results could be accomplished with any nation. But when we find that \$3,500,000 is not to be paid annually, but that the greater part or all of it will come from the revenues of Mexico herself, and that the bonds may also be partly retired by use for the payment of debts due to Mexico, or the purchase of lands or mines, nothing is clearer than that it is little short of political blindness to refuse to guarantee them, on the ground that to do so would increase our own national burdens.

OTHER CONSIDERATIONS.

It is admitted that California and Nevada, through their gold and silver mines, saved this nation from bankruptcy during our late war. But the mines of our western coast are no more comparable with those of Mexico, either in number or richness, than are those of the Atlantic coast with those of California. The mines opened by this railroad in the process of construction would, with those belonging to the *systems* cut and developed thereby, pay our whole national debt.

Millions have been offered in vain, by this and other nations, for a right to construct railways or canals across the country from the Caribbean sea to the Pacific ocean. Yet here is a grant, universal in its character, extent, and location, conveying the most complete rights of way, free from land damages, and with the right to take and use all material needful in the construction of the work, at the expense of the government.

Such are the marvellous advantages offered by Mexico to the people of this country. Even if a large pecuniary consideration were demanded therefor, it should be paid without hesitation. But no such demand is made. On the contrary, Mexico makes herself the debtor, and requires no stipulation from us, save that her bonds placed in our hands, shall be negotiated at a reasonable rate. By granting its indorsement the United States will not only render such a negotiation certain and immediate, but give to the securities a value far higher than was contemplated by President Juarez when the negotiations were authorized, without itself incurring any liability to loss. On the contrary, so much do the securities offered exceed the liabilities assumed, that our government may well be more than willing they should, by the non-payment of the loan, fall into its hands.

No. 110.

At the time the contract was being made, one of the chief points of discussion was the most practicable means of providing Mexico with a circulating medium upon such a basis as to secure for it confidence and credit. After careful consideration, the form of the draft, as embodied in the contract, was agreed

upon. The drafts, engraved and printed after the style of the United States greenbacks, and paid out by the government, will assume a place in Mexico somewhat similar to that held by the greenbacks in the United States.

Under the terms of the contract, Mexico may draw upon the company, against the proceeds of sales of bonds, for \$50,000,000, or more, as she may desire. She can take the accepted drafts and pay them out for the wants of her government of every kind and nature. After being so paid out they will circulate as currency throughout the republic, and being of small denominations, and payable in New York, they will, on an average, be one year in reaching the place appointed for their payment.

To meet them, the company would either have the bonds, which would be held at par, or the proceeds from the sales of them. In most cases the parties holding drafts would take bonds in payment or exchange, because they are a legal tender, at par, for all custom-house dues and internal revenues, bear seven per cent. interest, are payable in gold, and convertible into lands and mines at fixed prices. When held by a government, they will pass the sovereignty of the land, at the option of the holder, provided Mexico should not be true to her obligations under the contract.

The Mexican government, in paying its debts by these drafts, would supply a convenient and safe circulating medium to the people, and by receiving its bonds in payment of its dues, realize one hundred cents on every dollar of its obligations, which it never did heretofore. In addition, it would have the use of at least \$50,000,000 per annum, without charge.

It is a part of the fifth article of the contract that Mexico may increase her loans hereafter, by extending the guarantees to the vacant lands and mines of the republic generally. In disposing of her bonds, circulating her drafts, and again receiving her bonds in payment of dues, she has a perpetual source of credit, which may extend to \$100,000,000 per annum, or more, and finally cause her bonds, by judicious management, to assume a place in the markets of the world surpassed by those of no other country.

It is conceded that the resources of Mexico are inexhaustible, and that her income will always be equal to the expenses of her government. With the facilities of credit afforded to her under the plan arranged in the contract, with the checks and balances provided, she never could be short of funds, as the company would constantly be advancing to her all she required in acceptances and proceeds arising from sales of bonds.

By the financial system thus inaugurated by the company, not only would the full value of the bonds be realized by Mexico, but a correct disbursement of the funds arising therefrom would also be secured, as a perfect check against frauds and robberies is provided.

In securing full value for her bonds, and protecting her in the proper application of the funds, Mexico would have no cause nor desire for repudiation. In the present moral status of nations, it is only in cases where little or no value has been paid that repudiation is deemed at all tolerable; where the par value of an obligation has been received and appropriated, national insolvency alone can occasion failure of payment.

Under the grants extended to the company for railroads, canals, telegraphs, mines, and wells, they will at an early day put a line of steamers in operation between New York and Brazos Santiago, and construct a railroad from the latter place to Matamoras, and from thence to Mazatlan, on the Pacific coast, with branches to the different central points, as contemplated in the contract. These improvements, with the results that will follow the large emigration of Americans into Mexico under the auspices of the company, will be the rapid means of opening the vast resources and commerce of that country, and of more than doubling the amount of the property at present taxable by the government.

Mexico, in her distracted condition, largely brought upon her through our