

## SECTION IV.

REVENUE OF MEXICO—ITS SOURCES AND  
AMOUNT BEFORE THE REVOLUTION—PRE-  
SENT STATE AND PROSPECTS.

MY object, throughout the preceding Sections, having been to avoid all theories as much as possible, and to give what *has been*, as the best criterion of what may again be, I shall not depart from this rule in treating so important a branch of my subject as the revenue of the country; and shall accordingly commence my view of its present state and prospects, by a succinct account of what they were before the Revolution of 1810.

For this I must, as usual, recur to Baron Humboldt, who has investigated the subject with his wonted accuracy, in Book VI. of his most valuable work.

According to his statements, the revenue of Mexico, in the beginning of the eighteenth century, (1712), did not exceed three millions of dollars:—

|                          | Dollars.   |
|--------------------------|------------|
| In 1763 it was . . . . . | 5,705,876  |
| 1767 . . . . .           | 6,561,316  |
| 1776 . . . . .           | 12,000,000 |

Dollars.

|                |            |
|----------------|------------|
| 1780 . . . . . | 15,010,974 |
| 1784 . . . . . | 19,605,574 |
| 1802 . . . . . | 20,200,000 |

This extraordinary increase was due, in part, to the establishment of the monopoly of tobacco, which took place in 1764; but infinitely more, to that relaxation in the Colonial Policy of the Mother country, to which I have alluded in the Fourth Section of the First Book, and to the encouragement given to the mining interests by the reduction of the price of quicksilver, from eighty-four to sixty-four dollars the quintal. The revenue rose as the price of this important article fell, and, as an impulse was given to the Colonies, by the removal of some of the earlier restrictions upon their trade. Had Spain profited by the lesson, and extended her concessions, in proportion as she found less reason to regard them as incompatible with her own interests, her position, at the present day, might have been very different from what it is.

The principal sources of the revenue of Mexico at that time were:—

Dollars.

|   |            |
|---|------------|
| Duties derived from the Mines, ( <i>derechos de oro y plata</i> ) profits on sale of quicksilver, Coinage . . . . . | 5,500,000  |
| Monopoly of Tobacco ( <i>estanco de tabaco</i> ) . . . . .  | 4,500,000  |
| Alcavalas . . . . .   | 3,000,000  |
| Carried forward   | 13,000,000 |

|   | Dollars.   |
|---|------------|
| Brought forward   | 13,000,000 |
| Indian Capitation tax . . . . .                                       | 1,300,000  |
| Duty on Pulque . . . . .  | 800,000    |
| Importation and Exportation duties . . . . .                          | 500,000    |
| Cruzada, (sale of Bulls, &c.) . . . . .                               | 270,000    |
| Post-office ( <i>renta de correos</i> ) . . . . .                     | 250,000    |
| Gunpowder ( <i>estanco de polvora</i> ) . . . . .                     | 150,000    |
| Media Anata and Mesada, (both ecclesiastical contributions) . . . . . | 100,000    |
| Cards ( <i>estanco de naypes</i> ) . . . . .                          | 120,000    |
| Stamps ( <i>papel sellado</i> ) . . . . .                             | 80,000     |
| Licenses for Cockpits ( <i>estanco de gallos</i> ) . . . . .          | 45,000     |
| Snow ( <i>estanco de nieve</i> ) . . . . .                            | 30,000     |

Net annual produce in 1803 . . . . . 16,645,000  
 Gross amount of receipts, according to tables formed by Count Revillagigedo, in 1790, and by the Viceroy Iturrigaray, in 1803, *Twenty millions* of dollars: viz:

|   | Dollars.          |
|---|-------------------|
| Produce of Alcavalas, Indian Capitation-tax, and Duties on the precious metals              | 10,747,878        |
| Produce of the Monopolies of Tobacco, Cards, Powder, Quicksilver, &c. . . . .               | 6,899,830         |
| Cruzada, Tithes, Medias anatas, &c. . . . .   | 530,425           |
| Revenues of Lands, &c. under the inspection of the Government.— <i>obras pias</i> . . . . . | 1,897,128         |
| <b>Total</b> . . . . .  | <b>20,075,261</b> |

These receipts were employed in the following manner:—

1. Ten millions and a half of dollars in the interior of the country, which covered all the expences of the Colonial Administration.

2. Three millions and a half, in remittances to other Colonies, as Cuba, La Florida, Portorico, the Philippine Islands, Louisiana, Trinidad, and St. Domingo, all of which were, in some measure, supported by Mexico.

3. Six millions of dollars, in remittances to Spain, called the *Sobrante liquido remisible*, which was lodged annually in the Royal Treasury at Madrid.

The expense of collecting the revenue, was calculated, by Humboldt, at *Eighteen* per cent.

|   |                  |
|---|------------------|
| The military establishment, and the <i>Guarda costas</i> upon the Eastern and Western coasts, with annual repairs of fortifications, &c., were estimated, in 1802, at | Dollars.         |
| <i>Sueldos de Hacienda</i> , including salaries of Viceroy, and all inferior Government officers . . . . .  | 3,800,000        |
| Expences of all the Royal Monopolies, and transmission of specie from one Province to another . . . . .   | 2,000,000        |
| Administration of Justice, Audiencias, &c. . . . .  | 3,250,000        |
| Pension list . . . . .  | 250,000          |
| Hospitals, and repairs of Royal buildings, &c. . . . .  | 200,000          |
|   | 400,000          |
|   | <b>9,900,000</b> |

Humboldt gives an increase of 600,000 dollars on the expenditure of the following year; adding 200,000 dollars to the expense of the Army, 50,000 dollars to the Pension list; 50,000 to the charges for the administration of justice, and 300,000 to the general charges of collection and administration, thus making the whole amount to 10,500,000 dollars.

This estimate I believe to have been exceedingly correct, and it may be taken as the fairest possible average for the years, which immediately preceded the Revolution of 1810, up to which period Mexico had no public debt of any kind.

The deficit in the Revenue, which the Revolution occasioned, was supplied by *forced* loans, (which were called voluntary,) and by the establishment of the *Derechos de guerra, y convoy*, (Duties of War and Convoy) the *Derecho de patriotas*, (a tax raised to support the Royalist volunteers, who assumed the strange appellation of *Patriots*), and a tax, of ten per cent., upon houses, which, as all the great towns were in possession of the Spaniards, was very productive.

The total amount of these different taxes, is supposed to have been from four to five millions of dollars, which afforded, however, but a poor compensation for the loss of the Mining duties, and the Monopoly of Tobacco; both of which were reduced to a mere fraction of their former importance, by the Civil war.

All these War taxes were abolished by Iturbide, on the declaration of the Independence, in 1821; but the distress to which the Imperial Government was afterwards reduced, compelled him again to have recourse to the tax upon houses, which was not definitively suppressed until 1823. Forced loans were likewise resorted to during his reign, and an attempt made to bring paper money into circulation, which completely failed, as the paper only obtained a partial currency by the sacrifice of two-thirds of its nominal value.

Nothing can be more melancholy than the account given by the two first Mexican Ministers of Finance, (Don Antonio Medina, and Don Francisco Arillaga,) of the state to which the Revenue was reduced in the years 1822 and 1823. In the confusion which ensued upon the dissolution of the Viceregal Government, the Government Archives were plundered as the best mode of concealing former dilapidations; the trustees of the funds of *Obras pias*, and those charged with judicial deposits, left the country with whatever money they could secure: the Provinces seized upon their own revenues, of which they refused to give any account; and the Government officers, fattening upon the public distress, either would not, or could not, make the smallest remittances.

In October, 1822, Medina stated in his Report to Congress, that, "not only was the pay of the troops in arrear in the Capital, but on the point of being

suspended altogether; and that, in the Provinces, it must be reduced from the total want of resources."

In a defence of his conduct before the Congress, (3d September, 1823,) the same Minister added: "That his orders for the collection of the necessary data for the formation of a new plan of Finance, had not been complied with; and that he regarded it as extremely difficult to enforce obedience to them, because their execution depended upon a multitude of men, some too ignorant to give the information required,—others interested in suppressing it, in order to perpetuate abuses; and all full of that languor, to which they had been accustomed by the routine of the old system."

This statement was fully confirmed by Mr. Arillaga, who succeeded Medina, in the Ministry, in 1823, and who characterized, as "*frightful*," the abuses which prevailed in the administration of the Revenue; and affirmed, "that there was nothing but plunder and corruption in all its branches." As late as November, 1823, he added, in his Report of that date, that "no ordinary measures, or threats, were sufficient to awaken the inferior officers of Government from their culpable apathy: others of a more serious nature must be resorted to."

It is probable that these menaces, however strong, would have produced but little effect, had they not derived importance from the conclusion of the loan

with the house of Goldschmidt, which gave the Government at once, the means of enforcing obedience to its orders, and of organizing anew, some of the most important branches of the Revenue. It is generally admitted, that Mr. Arillaga availed himself with great judgment of these advantages, and did much towards preparing the way for a better order of things. He, however, only retained the ministry for nine months after the date of his second Report, when he gave place to Mr. Esteva, who entered upon office the 9th of August, 1824.

In speaking of this gentleman, whose name is so identified with the new system of Finance in Mexico, that it is impossible for me to avoid introducing it frequently in the course of this Section, I shall neither allow myself to be influenced by that party spirit, which has but too much prevailed with regard to his measures in his own country, nor by those personal considerations, which my long acquaintance with him might not unnaturally inspire: I shall endeavour simply to judge him by his works, as laid before the Congress by himself, in his official Reports of 1825, 1826, and 1827, with which those interested in Mexican affairs in this country, are already partially acquainted.

The reorganization of the Revenue of Mexico, after the period of distress and confusion described in the preceding pages, may be dated from the establishment of the Federal Constitution, and the pub-

lication of the Decree of the 4th of August, 1824, called the law for the Classification of rents.\*

By this Decree:—

1. All Importation and Exportation duties of every kind, whether in the ports, or on the frontiers of the Republic;
2. The monopolies of Tobacco and Gunpowder,
3. The Post-office,
4. The Lottery,
5. The natural deposits of Salt, (*Salinas*.)
6. The revenues of the *Territories* of the Federation,
7. The produce of all National Property, (such as estates formerly belonging to the Inquisition, or to convents suppressed while Mexico was under the dominion of Spain,)
8. And all Buildings, Fortresses, Public Offices, and lands annexed to them, formerly considered as the property of the Crown, were declared to belong exclusively to the Federation, and to be consequently placed under the immediate control of the Supreme Government.

All other branches of revenue were made over to the States, which were left at liberty to regulate their own expenditure, according to their several resources.

A contribution, or *Contingent* of 3,136,875 dollars was established by the same Decree, to be levied in

\* *Vide* Decree of Congress, No. 70.—“ Clasificacion de Rentas.”—*Guia de Hacienda*, p. 1.

fixed proportions upon the States, in order to cover the deficit, which it was supposed might result, during the first years, at least, from the dilapidated state of many of the branches of the Revenue assigned to the Federation; and regular statistical returns were ordered to be made to the General Congress, from every part of the country, in order to enable the Chambers to form a new scale of Contingent, better adapted to the resources of the States, than that adopted in the first instance.

This Decree was followed by a second, dated the 21st of the same month, (September, 1824,) abolishing all the complicated offices, which, under the denomination of *Intendencias*, *Direcciones*, *Contadurias*, *Cajas*, &c. &c., had so much impeded the action of the machine under the Vice-regal government; and creating in their place a single *Commissary-General* in each of the principal States, who, assisted by a moderate number of clerks, and under the immediate orders of the Minister of Finance, was directed to take charge in person of every thing connected with the revenues of the Federation in his district; to receive the Contingent of the States, and the Custom-house duties; to pay the troops, and to superintend the Post-office, and all inferior departments.

This wise regulation may be considered as the first step towards the cleansing of that Augean Stable, in which the abuses of three centuries had accumulated. It simplified the whole system of Finance;

and as, on the 16th of the following month, (October, 1824,) the States entered into possession of all their rights, as such, (in virtue of the Decree of the General Congress, No. 82,) and consequently took charge of their own revenues, the attention of the Supreme Government was thenceforward directed exclusively to the improvement of those branches, which had been set apart to cover the expenses of the Federation. Such were the circumstances under which Mr. Esteva took possession of the Ministry. In some respects, he was well qualified for the situation which he was called upon to fill; for he possessed great bodily and mental activity, and was animated by a sincere desire to introduce order, and regularity, into the chaos by which he was surrounded. But here his recommendations ceased: accustomed to business upon a small scale, he had no great or comprehensive views;—no power of appreciating the effects to be produced upon the internal resources of the country by the political change which it had undergone; or of adapting the new system of Finance to the wants which so different an order of things was calculated to create. He saw nothing at first but a Deficit, the amount of which filled him with apprehensions; and he discovered no means of avoiding this Deficit, but by a return to the old system of monopolies, high duties, and a strict limitation of trade.

A short analysis of the Report of January, 1825,

will place Mr. Esteva's views in the clearest possible light.

The first and second parts of this Report, contained an estimate of the gross receipts of the twelvemonth which was about to commence, calculated upon those of the two preceding years.

These were rated at 10,690,608 dollars, from which, however, were to be deducted 1,317,543 dollars, being the available amount then remaining of Goldschmidt's Loan; so that the whole produce of the Mexican Revenue, in 1825, was not supposed to exceed 9,373,065 dollars.

Against this, an expenditure of nearly *Eighteen millions of dollars*, (without including the interest upon the Foreign Loans,) was set by the third part of the Report, viz.:—

|  | Dollars.       |
|--|----------------|
| Expense of collecting Revenue, Salaries, &c.   | 920,235 7 9    |
| Ministry of Interior, and Foreign Affairs      | 105,737        |
| Ministry of Justice and Ecclesiastical Affairs | 77,220         |
| Ministry of War                                | 12,000,000     |
| Ministry of the Navy                           | 2,934,533 4    |
| Ministry of Finance                            | 1,083,143 1    |
| Credits against Government, payable in 1825    | 865,804 7 8    |
| Total  | 17,986,674 4 8 |
|  | 2 B 2          |