

	Dollars.
Receipts . . . . .	10,690,608 2 9
Expenditure . . . . .	17,986,674 4 8
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Deficit . . . . .	7,296,066 1 1
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	or 8,613,609,

if the amount to be received on the Loan account be deducted, (as it undoubtedly should be,) from the receipts.

The fourth and last part of Mr. Esteva's Report, (page 37 to 52) explains the means by which, in his opinion, this deficit might be covered. They were:—

1st. The re-establishment of the Monopoly of Tobacco on the same footing as in 1809, the Supreme Government being invested with powers similar to those exercised by the Viceroys, for the prevention of Smuggling. (Page 43.)

2dly. The closing of most of the ports recently opened to Foreign Trade, which are stated, "greatly to exceed in number the wants of the country, and to serve only to facilitate Smuggling." (Page 46.) And,

3dly. The raising of the Duties on gold and silver to the standard of 1799, which is recommended as expedient, both "because it would not be a great hardship to the miner to pay, in 1825, the duties which he could so well afford to pay in 1801, and because, at all events, the loss would fall, princi-

pally, upon *Strangers*, who had taken into account, in all their calculations, the late reduction of Mining duties." (Pages 46 and 49.)

Mr. Esteva calculated the produce of these branches of the Revenue upon that of the years of 1795 and 1799, and assured the Congress that, "if his suggestions were adopted, an addition of 6,649,563 dollars might be reckoned upon in the year, 1825, by which means the Deficit would be covered, and time left for the Government to reflect upon those reductions, which it so anxiously desired to effect." (Page 51.)

Fortunately for Mexico, the fallacy of this calculation, (by which the produce of the most flourishing period of the Vice-regal government was taken as the standard of that of a period of comparative disorder and distress,) and the narrow policy by which a return to the beaten path (*la senda yà trillada*) of the old Spanish Prohibitive System was recommended as the only road to salvation, did not escape the penetration of the Congress. The Committee appointed to analyze the Minister's Report, animadverted with great severity upon his confined and antisocial views, (*proyectos mezquinos y antisociales*;) they demonstrated the absurdity of supposing that the Contraband trade could be reduced by reducing the number of ports; (as if harbours did not remain harbours, whether the Government kept up an establishment there or not;) and the illiberality of recommending an increase in the Mining duties, (which

even the Government of Spain had found it necessary to reduce,) “merely *because* the disadvantages of the change would fall principally upon Foreigners, who had engaged in Mining speculations, upon the faith of a public act of the Legislature.” Finally, they observed upon the omission of any mention of the Public Debt, and pointed out the mode in which, by proper reductions in the Army, and a due attention to those branches of the Revenue, which were likely to reap most immediate benefit from the new-born liberty of the country, the Receipts might be made to cover the Expenditure, without crippling for ever the resources of the State, by striking, as Mr. Esteva proposed to do, at the very roots of its prosperity.

This Analysis, the argumentative parts of which Mr. Esteva in vain attempted to refute, was adopted almost *in toto* by the Congress. The Chambers refused to make any change in the revenue of Tobacco, or to close a single port, or to increase in any way the duties payable upon the precious metals, a proposal to which effect was brought forward by Mr. Esteva, and thrown out by a large majority, although supported by all his influence.

This check was of the greatest utility both to the country, and to himself: he renounced, from that moment, all idea of legislating, and confined himself to the organization of his Department, and to the observance of that system which was traced out for him by the Chambers. The activity and perse-

verance which he has displayed in this harassing task cannot be too highly spoken of: they gave new life to the system, and their effects were felt in the most distant parts. By a series of regulations, very severe, but very necessary where confusion had so long prevailed, subordination was established in every branch of the Finance department: the Commissaries were made strictly responsible for the conduct of all the inferior *employés*; absence from their posts, even for a day, without permission, was punished by the loss of employment; monthly, weekly, and even daily returns of receipts and expenditure, were ordered to be transmitted to the Treasury of the Capital; and thus data were obtained for the Estimates of subsequent years, the minuteness of which is the more curious, from its contrast to the total want of authentic information before Mr. Esteva's time.

It is upon these data that I shall form a general view of the Financial resources of Mexico, commencing with an account of the principal sources of its Revenue, and ending with a comparative table of the Receipts and Expenditure during the two last years.

I have already enumerated the particular branches assigned by the Law of the 4th of August, 1824, for the support of the Federal Government, most of which require no explanation. With respect to their relative importance, and to the probability of increase in each, the following observations may be of use.

The Monopoly of Tobacco, from the time of its establishment in 1764 till the Revolution of 1810, was proved by experience to be one of the most productive, and least oppressive taxes possible. On a term of nearly thirty years it yielded a net annual profit of four millions of dollars;\* and although this was reduced to about *half a million* during the first part of the Civil war, the facility with which the disorder into which the establishment had fallen was remedied in 1817, and the importance which it regained in the short interval of tranquillity that afterwards occurred, (from 1818 to 1820), not unnaturally attracted the attention of the new Government after the establishment of the Independence.

After much discussion it was resolved, that the old Royal Monopoly should be kept up under certain modifications, which the change of system seemed to require. The cultivation of Tobacco was, therefore, prohibited throughout the Federation, with the exception of the district in the immediate vicinity of Orizaba and Cordova, where a certain quantity is

\* Humboldt gives the annexed table for the years 1801 and 1802:—

Tobacco made up	1801.	1802.
Value of Tobacco made up at retail price	7,825,913	7,686,834
Expenses - - -	- 1,299,411	- 1,285,199
Pensions and Salaries - - -	- 798,482	- 794,586
Price of Tobacco - - -	- 626,319	- 592,229
Net profit - - -	- 3,993,834	- 4,092,629

raised annually, which the proprietors contract to deliver to the Government agents at three reals per pound.

The Tobacco thus purchased is remitted in leaf, (*en rama*) to Mexico, where there is an enormous manufactory of segars, in different shapes (*puros y cigarros*), on the account of the Supreme Government. The States have the option of either purchasing their supply in leaf, and working it up themselves, in which case they pay for their tobacco at *eight reals* (one dollar) per pound, (deducting all expenses of carriage, &c. which are defrayed by the Federation,) or of taking a stock of segars at once from the manufactory in the Capital, in which case the expense of labour and paper is added to the eight reals originally charged.

The retail price in the States is fixed at eleven reals per pound of wrought tobacco.

The profits of the Supreme Government are sufficiently evident from the preceding statement, as it sells for eight and eleven reals per pound, tobacco (wrought, or unwrought) which it purchases for three. Those of the States, which establish a segar manufactory (*fabrica de tabacos*) upon their own account, (purchasing tobacco in leaf of the Supreme Government at eight reals the pound,) will appear by the following table of the difference between the retail price of the box of *Puros*, (made up in the usual shape), and the expense of the labour and materials employed upon it.

*A case of Puros de a 5*

	Dollars.
Contains 4000 <i>papeles</i> (little bundles of paper segars), which, at half a real each, make - -	250 0 0
It requires	
163lbs. 8oz. 15ads. 32grs. of tobacco, <i>en rama</i> , which, at 8 reals per lb. is - - - 163 4 5 7 <i>oct.</i>	} 207 4 9 6
A ream, six quires ( <i>manos</i> ), and 16 two-thirds sheets of paper, which, at 8 dollars the ream, is - - - 10 5 4 0	
Labour and share of general expenses - - - 33 2 11 7	
Profit - - - - 42 3 2 2 <i>oct.</i>	

Upon the larger cases, (*cajones*), containing 4800, and 6000 *papeles*, the profits are calculated, respectively, at fifty-five dollars six reals, and seventy-seven dollars one real; so that, wherever the population is dense enough to ensure a sufficient consumption, the States derive great advantage from the establishment of a *fabrica* of their own, which, after the first few months, generally forms a very important item in their revenue.

The opposers of monopolies in general have not failed to animadvert upon the injudicious policy of retaining that of Tobacco in Mexico, and seem to think that the country would derive more advantage from the free cultivation and exportation of the plant. I confess that I am not myself of this opinion. Mexican Tobacco, as an article of exportation, would have to contend, in the European market with that of the Island of Cuba, to

which it is undoubtedly inferior, and with that of the United States, with which it may be supposed to be much upon a par: it would likewise have to stand a competition with the Tobacco of the whole coast of Columbia and Brazil, both of which countries are as well qualified by nature for its production as Mexico; and as the demand in Europe has never been very great, it is probable that, by throwing in so large a supply at once, the price would be so much reduced as to leave but little profit to the original cultivator. Mellish states this to be already the case in the United States, since Tobacco, which, in 1818, was worth something more than a hundred and seventeen dollars the hogshead, had fallen, in 1821, to eighty-four dollars and a half. What then would be the effect of offering to the buyers such an enormous additional mass of produce as the New States might collectively yield, and would undoubtedly yield, were the cultivation of tobacco in all of them perfectly free from restraint? I see no means by which each could derive from its exportations an equivalent to the advantages which Mexico already derives from the monopoly as at present established; nor do I know any other branch of national industry, upon which taxation, to an equal amount, could be made to bear with fewer bad effects.

The produce of the Tobacco Monopoly will never equal, in the account of the yearly receipts of the Republic, the amount given by the estimates of the

Vice-regal Government; because the profits are now divided amongst nineteen States, instead of being concentrated, as before, in one focus: but the effect upon the general interests of the country is the same, as these profits enable the States, in part, to cover their Contingent, and thus tend, though by a more circuitous route, to increase the Public Revenue.

Some little time is required for the proper organization of so extensive a department in all its branches; but as the quantity of tobacco in the Government magazines has increased enormously during the last three years, and was valued, in January 1827, at *ten millions of dollars*, regular remittances to the States may henceforward be made, and regular returns expected, until the consumption of the country equals that of 1808, when the net produce was 4,447,486 dollars.

Of the revenue to be derived from Gunpowder, Salt, the Post-office, and the Lottery, it is unnecessary to say more, than that all these branches are susceptible of great improvement. The progress made by each since 1824, will be subsequently shown; but in 1827, great reforms were still requisite. For instance, the supply of Gunpowder, to my certain knowledge, bore no sort of proportion to the demand, more than half the powder consumed in the Mining districts being contraband. There were only three powder-mills in the whole territory of the Republic; two in the immediate vicinity of the Capital, (at Chapoltepec and Santa Fē,) and one at

Zacātēcās; which furnished together so precarious a supply, that the *registered* consumption of Guajuato, at the time of my visit, did not amount to one *half* of that of the mine of Valenciana alone, during its more flourishing period. Salt, likewise, produced but little, although the demand is universal, and the consumption great.

The Post-office, under a different system, might be made to produce at least double what it now yields: as it is, there is so little security, the conveyance of letters is so slow, and the postage so high, that none have recourse to it who can forward their correspondence through any other channel, and yet the awakening activity of the country has given it importance.

The produce of the Mint of Mexico, (of which alone the Supreme Government has the direction, as belonging to a *Federal City*;) will never be comparable to that of former times, the Mining States having acquired the right of establishing Mints of their own, in which nine-tenths of the silver, formerly transmitted to the Capital, will henceforward be coined. But there are several very important mining districts in a circle around the Capital, (Real del Monte, Chicō, Zimāpān, Tēmāscāltēpēc, Tāscō, and Tlālpūjāhuā,) the produce of which will be sent to the Mint of Mexico in preference to any other; as will the silver from the mines of Ōāxācā, where there is no Provincial Mint; so that, as soon as these districts become again productive, the Mint of the

Capital may be expected to average from four to five times its present produce.

The duties on the exportation of silver (two per cent.) must likewise soon become of considerable importance, unless the most moderate computation of the amount of the precious metals to be raised in, or before, the year 1830, prove entirely unfounded, which I see no reason at present to suppose.

The importation duties on foreign goods, (*Aduanas maritimas*), large as the amount of their net produce has been, (in January, 1827, they had yielded in ten months 6,855,633 dollars,) may undoubtedly become infinitely more productive. Smuggling is now carried on to an immense extent on the Eastern, and Western coasts. There was hardly a custom-house officer, in 1826, to the North of Tämpicō on the one side, or of Sān Blās on the other; and the consequence was, that the most valuable cargoes were sent to Refugio, (at the mouth of the Rio Bravo,) or to Māzātlān, and Guāymās. (on the Gulph of California.) Custom-houses are now established at all these places; but the payment of duties is still easily evaded there, as there is no check upon the conduct of the officers employed. Indeed, the only radical cure appears to me to be the modification of the present Tariff, which alone can enable the established merchant to stand a competition with the illicit trader; and which, at the same time, by reducing the prices of the more necessary articles of consumption, will bring them within the reach of a

larger body of consumers. I shall have occasion to enter more largely into this subject in the Fifth Section of this book.—Were the improvements, which have already passed once through the Chamber of Deputies, in Mexico, adopted, I should have little hesitation in stating that the Importation duties alone in New Spain, might, as soon as the mines begin again to produce, be made to cover nearly three-fourths of the whole annual expenditure of the country, *including the interest upon the Foreign Loans*.

The Contingent, soon after its establishment by the law of the 4th of August, 1824, was reduced first to two-thirds, and then to one half, its original amount, or 1,573,756 dollars; it being found impossible that the States, on the first adoption of the Federal System, should pay, at once, the quota assigned to them. Each had to go through a process similar to that which the General Government had itself undergone;—to assemble their Legislatures; to ascertain the nature and amount of their revenues; to simplify, as much as possible, the old system of collecting them; to establish Mints and Tobacco manufactories, in order to obtain their share of the advantages in which the new order of things allowed them to participate; and so to regulate their expenditure, as to provide means for meeting their engagements with the Federation.

This could only be the work of time; and to those who are acquainted with the state of Mexico in 1823, it is a matter of surprise to see how much