

every article; whereas, at present, the sale but too frequently does not cover the freight, duties, and prime cost. Beyond this point, however, I cannot go; nor do I believe that there is any one in Mexico sufficiently acquainted with all the ramifications of the Trade to supply the information required.

I shall, therefore, proceed, at once, to the second point of enquiry; viz. "The probability of an increase or decrease in the amount of the Mexican Trade, (whatever that may be) in the course of the next five years."

This question involves several important considerations; for, in order to determine whether the demand for the products of European industry in Mexico, has already reached its full, or natural extent, it is necessary to ascertain what the state of the country was in 1824, and in how far its resources may be said to have developed themselves in the course of the last two years.

In 1824, Mexico may be said to have commenced its recovery from the effects of a Civil war of fourteen years' duration, in the course of which the country had been not only exhausted, but gradually drained of a very large proportion of its capital. The Old Spaniards, in whose hands this capital had accumulated, began, at a very early period of the struggle for Independence, to provide for a contingency, the probability of which they foresaw, by transferring the great bulk of their convertible property to Europe.

Some, indeed, remained, and retained a sufficient portion of their funds to give a certain activity to Trade, and to promote particular branches of industry; but even the most hardy withdrew as soon as the separation from the Mother-country became inevitable, and, in the years 1821 and 1822, the whole remaining surplus capital of Mexico, was, if I may use the expression, abstracted from the circulation.

Of the amount of this capital no exact estimate can be obtained, a great part of it having been conveyed out of the country by secret channels.* The Mexicans affirm that it exceeded one hundred millions of dollars; (the calculations of the best informed of those whom I have consulted upon the subject, varying from eighty, to one hundred and forty millions,) a very large proportion of which was actually exported in gold or silver.

This sudden diminution of the circulating medium could only have occurred in a Colony, compelled, like Mexico, by peculiar circumstances, to depend, in a great measure, upon a capital not strictly its own. In the best regulated community it must have occasioned great embarrassment and distress, but in a country of lavish expenditure and improvident habits, it almost destroyed, for the time, the possibility of improvement.

All the sources of National wealth were dried up;

* I shall have occasion to investigate this subject more accurately in Book IV.

and, as the period of the greatest diminution of the circulating medium coincided with that of the greatest depression in the mines, it is probable that, without external assistance, the kingdom could not have recovered from the state of depression, to which it was reduced by such a concurrence of unfavourable circumstances.

This assistance was given by this country, partly in the shape of Loans, and partly in that of remittances made by the different Mining Companies for the prosecution of the works in which they are severally engaged.

The amount of both was trifling in comparison with the capital withdrawn; but it was sufficient to call into new life some of the natural resources of the country, and to give to the system that impulse, the effects of which I have traced in the preceding pages.

That these effects should, in the short space of three years, be so considerable, is no mean proof both of the capabilities of the country, and of the advantages which it derives from its freedom from former trammels; but they cannot be regarded as a fair criterion of what the commercial wants of Mexico will be, when improvement is no longer confined to the first, and most essential, elements of future prosperity, but extends, gradually, to the more important branches of its former agricultural industry.

The mines, as yet, have made no returns; and,

although the capital employed in working them has produced the most beneficial effects upon those branches of Agriculture and Trade, with which they are more immediately connected, yet, it is to the *produce* of the mines, and not merely to the capital by which that produce is sought, that we must look for permanent improvement.

The sums now expended may increase the supply of necessaries in the Interior, and give to the landed proprietors, in the vicinity of the Mining Districts, the means of obtaining European manufactures, which they could not otherwise afford; but they have no tendency to produce a surplus of those articles in which the most valuable Exports of Mexico are likely hereafter to consist, most of which, (as Sugar, Indigo, and Coffee,) require the employment of a small capital in their cultivation, before they can rise into importance.

This capital the mines must supply; for they alone can remedy the deficiency in the circulating medium of Mexico, which has checked so many useful projects, and retarded, hitherto, the progress, which might otherwise have been made.

In a country where three per cent. per month, has been obtained for money in the capital, (and that, too, on the most undeniable security,) there is but little inducement to capitalists to invest their funds in agricultural speculations. It is not surprising, therefore, that, in the last three years, little should have been done towards turning to account

those advantages, which might be derived from the diversity of the climate, and the variety of the productions, on the Eastern slope of the Cordillera.

Under any circumstances this must have been the work of time, for the maritime districts are not only thinly inhabited, but are remarkable for the listless and indolent character of the population, which seems to increase in proportion to the bounty of nature, and the consequent facility of obtaining a supply of the necessaries of life.

Thus Veracruz, which, (after leaving the sea-coast,) in variety of productions, and fertility of soil, can be surpassed by no district of equal extent in the world, has a population not exceeding 250,000 individuals of every description, of whom it is supposed that not more than two-fifths are employed in the cultivation of a space of 4,141 square leagues: the remainder are inhabitants of the towns, either engaged in trade, or living in idleness. Nearly the same results would be given by an enquiry into the amount and distribution of the population upon the Western Coast; and the difficulty of rousing to exertion a society thus constituted, undoubtedly presents a very serious obstacle to any rapid improvement.

But still improvements have been found practicable wherever proper inducements have been held out for any length of time. The sugar, which formed so important an item in the Exports of Mexico before the Revolution, and amounted, in the years

1802 and 1803 to 1,500,000 dollars annually, was all raised in the Province of Veracruz, by free labour; the slaves imported during that period having borne no proportion to the increase in the produce.

The cultivation of Coffee and Tobacco about Cordova, at the present day, is conducted in a similar manner, nor has it been found difficult to procure a sufficient number of labourers to extend the quantity of land under cultivation, so as to keep pace with the increasing demand. Of the activity displayed throughout the valley of Cuautlā, (which, though not a Maritime province, is Tierra Caliente, and consequently resembles the inland parts of Veracruz in climate,) I have spoken largely in Section III., Book I.; nor do I find any reason to vary the opinions, which I have there expressed, respecting the possibility, and even the probability, of great, though gradual improvements.

But these cannot be expected to be of spontaneous growth: they require time, they require exertion, they require capital; and the two last of these again depend, in a great measure, upon the mines, which, by increasing the circulating medium, must give the means, and with the means the inclination to promote those branches of agriculture best calculated to make a fair return for the time and capital employed upon them.

Should that increase in the produce of the mines, to which I confidently look, take place as soon as I have been taught to expect, (*vide* Book IV.) the

term, within which its effects will be felt, can hardly, I should think, exceed the five years, to which I have limited my present enquiry.

But, be it sooner, or be it later, the Trade of Mexico, with reference to the amount of its present population, will not reach what I should term its *natural* limits, until the amount of Silver raised again equals the average annual amount of that raised before the Revolution, viz. : Twenty-four millions of dollars : nor do I conceive that any rapid increase in the present demand for European manufactures can be looked for, unless it be preceded by as rapid an improvement in the mines.*

It is probable, from the low prices of most European manufactures during the last year, and the difficulty of realising even the most moderate profit, that the imports of 1826 rather exceeded the amount of what the country is able, under present circumstances, to consume ; in which case a decrease of activity in the intercourse with Europe, will appear upon the returns of 1827.

This circumstance is of little importance ; as, until things find their proper level, such fluctuations must frequently occur. But there is no prospect

* The want of returns will necessarily limit the imports of manufactures from Europe ; for, as observed before, the loans, and the advances made by the Mining Companies, have hitherto to a certain degree encouraged the imports of English manufactures, by furnishing remittances, which would not otherwise have been found for the English exporter.

of seeing the demand fall far short of that which now exists, since, in local, as in mental improvement, each step in advance facilitates the next, and Mexico has already surmounted the greatest difficulty, the commencement of a new career.

Without pretending, therefore, to fix the ultimate value of her Commerce to Europe, or to Great Britain in particular, I confess that I cannot but regard it as likely to acquire great, and lasting, importance.

It can be checked by nothing but the most injudicious legislative interference on the part of the Mexican Government ; and this I see no reason, at present, to apprehend ; for, however ill-judged many parts of the present System may be, there has been a gradual tendency towards improvement, during the last three years, which augurs well for the future, and warrants the expectation of a better order of things.

This brings me to the third and last subject of enquiry, viz. :—" The present system with regard to Foreign Trade, and the ameliorations of which it is susceptible."

The duties on Exports and Imports, in all the ports of Mexico, are founded upon a Tariff, established by the Junta Suprema Gubernativa, (or First Independent Government,) in January 1822, but modified in some points, by subsequent acts of Congress.

According to this Tariff, a customs duty of twenty-five per cent. was made payable on all kinds of goods from all countries ; which duty was to be paid

upon a value assigned to each separate article by the Tariff, calculated upon the prices that had existed during the monopoly of the Mother-country.

Besides the Customs, there was a sort of Excise paid in the towns where the various articles were consumed, under the denomination of Alcavala, the average amount of which was twelve per cent., although on wines and brandies, it was thirty-five and forty per cent. There were, also, certain Municipal duties levied in the inland towns by the Ayuntamientos, or Corporations, which, however, seldom exceeded one and a half per cent.

Both the Alcavalas, (which belonged to the National Treasury), and the Municipal duties, were abolished by the law of the 4th of August, 1824, by which the revenues of the Federation were classed; and, in lieu of them, a duty of Fifteen per cent. on all goods forwarded from the ports into the Interior, was established, (*Derecho de internacion*) while another duty of Three per cent. was granted to the States on the articles consumed in their respective territories.

This change, although it raised in fact the duties payable on Foreign Imports, from $38\frac{1}{2}$ to 43 per cent.,* was, nevertheless, an advantage to the mer-

* Customs	25	Customs	25
Alcavalas	12	Internation duty	15
Municipal dues	$1\frac{1}{2}$	Derecho de consumo	3
	—		—
	$38\frac{1}{2}$		43

chant, as nothing could be so great an obstacle to the progress of Trade as the constant recurrence of the Alcavala, for which, though levied by certain fixed regulations, there was no established scale of value. This important point was left to the discretion of the Vista, (or inspector,) whose valuation, of course, varied in proportion to the price at which an understanding with him was purchased.

Under the present system, the Internation duty is paid upon the same valuation as the Customs, and to the same officers, by which the possibility of collusion, or of arbitrary valuations, is much diminished.

Goods when landed, are lodged in the Custom-house, where they remain until they are "dispatched," as it is termed. This consists in their being examined by the Vista, who determines the value according to the Tariff, which ought to be done within forty days after the goods have been landed. A term of three months is allowed for the payment of the duties.*

* It will be seen by this statement, that for the duties on goods intended for the city of Mexico, it is necessary for the merchant resident in the city, to send dollars to Veracruz. To obviate the needless transmission of dollars, which will in part, if not wholly, have to be returned to the General Treasury in Mexico, the merchants in the city pay one half in specie and give security for the payment of the other half in the city of Mexico, they allowing the Government three or four per cent. on the amount, as an equivalent to the risk of sending the dol-

Established houses, or individuals giving adequate security, are permitted to forward their goods into the interior, without paying the duties until the expiration of the term fixed by law; but individuals without security, or establishments, must pay before removal.

Whatever is not prohibited by the Tariff, may be landed in any of the ports of the Republic, and warehoused, until a reference to Government can be made.

Articles not mentioned in the Tariff, are valued by a Vista, or Inspector, with the concurrence of the Administrador, or Collector, and the value is regulated by that of the articles most analogous.

Quicksilver, Mathematical and Surgical instruments, useful Machinery, Books, Drawings and Casts, Music, Seeds, and Plants, Flax, (hackled and unhackled) and animals of all kinds, are exempted from the payment of any duty.

The exportation of unwrought Gold and Silver* is prohibited, but all other produce may be exported. The following articles only are subject to

lars to the coast. The Government, on the other hand, giving a little extension to the time for paying the moiety of the duties into the General Treasury.

* An application is now before Congress for allowing the exportation of Silver in bars, upon the payment of the Export duty according to the value of the bar, assayed and certified by the Mint.

the payment of a duty on quitting the Mexican territory.

	Per Cent.
Gold (coined)	2
Gold wrought	1
Silver (coined)	3½
Silver wrought	3
Cochineal (fine) the value being fixed at sixty dollars, per Arroba of twenty-five pounds weight	6
Cochineal Dust (at ten drs. per Arroba)	6
Cochineal inferior ditto	6
Vanilla (value fixed at forty dollars a thou- sand)	10

Ships of all nations, with the exception of Spain, (whose flag is excluded on account of the war,) are admitted into the ports of Mexico, on the payment of the established duties; which consist of a Tonnage duty of twenty reals (two and a half dollars) per ton, with the Anchorage and Harbour dues levied on Mexican vessels in the countries to which foreign vessels severally belong.

The Export duties are payable at once.

The Derecho de Internacion is not paid upon goods consumed upon the coast, but only upon taking out the *Guia*, or Pass, for their introduction into the Interior.

After goods have been "dispatched," the duties,

to which they are declared liable, must be paid, without any abatement or reduction whatever, unless in cases where an error in the calculation, or in the payment can be proved.

Such is the Tariff which has subsisted during the last six years, more from the difficulty of agreeing upon a better, than from any peculiar excellence in the present system, the defects of which are but too apparent, and have led to a great deal of disagreeable discussion.

It is not of the amount of the duties that foreign merchants complain, so much as of the absurd scale of valuations, upon which these duties are paid.

The value of the Imports permitted by the Tariff was fixed, (as I have already stated,) in the first instance, not upon sworn *ad valorem* invoices, as is the case in most other countries, but upon an estimate of the current prices during the monopoly of the Mother-country; so that in lieu of forty-three and a half per cent., one hundred, and one hundred and fifty per cent. is, in fact, paid, upon many articles, which are rated in the Tariff at five and six times their real value.

Where these excessive duties do not operate as an absolute prohibition, they hold out so great a premium to the illicit trader, that a great part of the commerce of the country, is unavoidably thrown into his hands, to the detriment of the established merchant; and this system is already carried to such an extent in Mexico, that Cottons, which could

not have been retailed under five reals a yard, had the duties upon them been paid, were publicly sold in the Capital, (in 1825,) at *three* reals, and that in such quantities, that established houses were obliged to dispose of commission cargoes, at a loss of thirty and forty per cent., in order to realise something for their correspondents in England.

This evil was corrected a little by the gradual organization of the Custom-house establishments upon the coast, which diminished, in some places, the facility, with which the Smuggling trade had previously been carried on: but there is reason to believe, that at the present moment, more than one-Third* of the whole of the European manufactures consumed in Mexico, is introduced without the payment of any duty.

In 1826, the Congress appeared to be sensible of the injury which the Revenue sustained from such a state of things, and seemed inclined to apply the only effectual remedy, by reducing the duties. A committee of the Chamber of Deputies, after a long investigation of invoice prices, compiled from them a scale of valuations, in which most of the errors of the old Tariff were corrected; and proposed, (besides) an additional reduction of Fourteen per cent. in the duties payable upon these valuations, so that the

* It is difficult to fix the exact proportion. One third part seems a great deal, and yet, in the Northern ports, it is thought to exceed this.