

## APPENDIX TO THE MEXICAN FREE ZONE.

### PRESIDENT'S MESSAGE OF MARCH 16, 1888, ON THE FREE ZONE.

Senate, 50th Congress, 1st Session, Ex. Doc. No. 130.

Message from the President of the United States, transmitting a letter of the Secretary of State, in response to Senate resolution of February 16, 1888, relative to the Mexican *Zona Libre*.

March 19, 1888.—Read and referred to the Committee on Printing. March 27, 1888.—Ordered to be printed.

#### To the Senate of the United States :

I herewith transmit, in compliance with the resolution of the Senate of the 16th ultimo, a report from the Secretary of State, accompanied by certain correspondence in regard to the Mexican *Zona Libre*.

GROVER CLEVELAND.

EXECUTIVE MANSION, WASHINGTON,  
March 16, 1888.

#### To the President :

The undersigned, Secretary of State, to whom was referred a resolution adopted by the Senate of the United States on the 16th ultimo, requesting the President, "if in his opinion not incompatible with the public interest, to send to the Senate copies of all correspondence with the Government of Mexico, or its diplomatic representatives, not heretofore published, respecting the laws and regulations of that Republic in its belt of border country extending with our frontier from the mouth of the Rio Grande to the Pacific Ocean, known as the Free Zone of Mexico," has the honor to submit to the President, with a view to its communication to the Senate in response to that resolution, copies of certain unpublished correspondence on file in the Department of State which cover the inquiry of that body.

A copy of the important tariff laws and customs regulations of Mexico, which went into effect July 1, 1887, and which include many special provisions relative to importation, bonding, consumption, and travel in the *Zona Libre*, is also transmitted, as essential to a knowledge of its workings.

Two of the inclosures,\* with the note of the Mexican minister at this capital, dated February 10, 1888, on the subject of the *Zona Libre* from a historical view, are unavoidably communicated in the original Spanish.

Respectfully submitted,

T. F. BAYARD.

DEPARTMENT OF STATE, WASHINGTON,  
March 16, 1888.

\* While this document was passing through the press an opportunity was found to translate these inclosures, and they therefore appear translated into the English language.

## Appendix.

### LIST OF ACCOMPANIMENTS.

1. Mr. Frelinghuysen to Mr. Morgan, No. 552, April 25, 1884, with enclosures.  
Messrs. Coke and Lanham, April 17, 1884, with petition of citizens of Texas.
2. Mr. Romero to Mr. Frelinghuysen, May 5, 1884, with enclosure, being a law of Mexico issued March 25, 1884, instituting the *Zona Libre*.
3. Mr. Frelinghuysen to Mr. Morgan, No. 575, May 20, 1884, with enclosures.
  1. Mr. Lanham to Mr. Frelinghuysen, May 1, 1884.
  2. Mr. Morehead to Mr. Lanham, April 24, 1884.
4. Mr. Romero to Mr. Bayard, June 12, 1885.
5. Mr. Romero to Mr. Bayard, January 4, 1886, with enclosure, being reports of the Secretary of the Treasury to the Mexican Congress.
6. Mr. Sutton to Mr. Porter (extract), No. 408, May 25, 1887, with enclosure, being the tariff laws of Mexico which went into operation July 1, 1887.
7. Mr. Romero to Mr. Bayard, February 10, 1888, with enclosures.
  1. Decree establishing the *Zona Libre*.
  2. Circular to frontier custom-houses.
  3. To custom-house at Matamoros.
  4. Circular to custom-houses.
8. Mr. Romero to Mr. Bayard, February 14, 1888.

No. 7. MR. ROMERO TO MR. BAYARD.

[Translation.]

LEGATION OF MEXICO, WASHINGTON,  
February 10, 1888.

MR. SECRETARY :—I have observed both in the correspondence of the representatives of the United States in Mexico, which has been published by their Government, and in statements made by prominent persons in this country, expressions and opinions respecting the Free Zone which exists in the portion of Mexico bordering on the United States, which I consider wholly unfounded ; it has consequently seemed proper to me, from a due regard to the good understanding and harmony between our two countries, to offer some explanations whereby I trust that the erroneous impressions that now prevail on this subject will be rectified.

I think I do not hazard much in saying that both in official circles in the United States and outside of those circles it is believed that the Free Zone was established in Mexico as an act of antagonism, if not of hostility, to the United States and mainly, if not solely, for the purpose of encouraging smuggling, to the prejudice of the fiscal interest of this country. It will not be difficult to show how unfounded these opinions are.

When in pursuance of the treaty of February 2, 1848, the Rio Grande from El Paso del Norte to the point where it flows into the sea was accepted as the boundary line between Mexico and the United States, and when American settlements began to be made on the left bank of that river, two peoples were brought into contact with each other whose economical and commercial conditions offered a striking contrast. In the United States no taxes were levied upon internal trade, and it was not otherwise restricted ; the import duties on foreign goods were at that time relatively low, and the country was just entering upon an unexampled career of progress, while in Mexico, which had inherited the Spanish system of taxation, taxes were levied which largely increased the cost of domestic goods ; the collection of these taxes rendered internal custom-houses necessary, and the restrictions placed upon trade were numberless ; import duties on foreign goods were so high as to be prohibitory ; in addition to



this, the importation of various kinds of goods was prohibited, among them some of prime necessity, such as provisions.

The result of this state of things was that while in Brownsville, and other towns on the left bank of the Rio Grande, domestic articles of daily use, such as provisions, clothing, etc., were sold at a comparatively low price, in the Mexican towns on the right bank they cost twice and even four times as much, and that foreign goods also were much cheaper on the one than on the other side of the river.

This difference of circumstances necessarily brought about one of these two results: It either caused the inhabitants of the Mexican towns to emigrate to those of the United States in order to enjoy the advantages which were to be had in that country, or it induced them to purchase the goods which they needed in the United States and then to smuggle them over to the Mexican side.

In 1849, that is to say, in the year following that in which the new boundary line was adopted, the situation on the Mexican frontier became so disquieting that the Federal Congress was obliged to pass a law, on the 14th of April, which may be considered as the first step toward the establishment of the Free Zone. This law authorized, for a term of three years, the importation through the frontier custom-houses of the State of Tamaulipas of such provisions as were for the use of the people of the frontier, which goods, up to that time, had been prohibited by the existing tariff or had been subject to very heavy duties.

This law did not meet the exigencies of the situation; and in 1858 the Free Zone was established by the governor of Tamaulipas as an absolute necessity of the State.

On the 5th of February, 1857, the constitution was adopted which is now in force in Mexico, and which went into operation on the 16th of September following. On the first of September, Don Ignacio Comonfort, the constitutional President, was inaugurated, and, unfortunately, a pronunciamiento was issued by him on the 17th of the same month against the Constitution; he also dissolved the Federal Congress which was then in session. For this reason several Mexican States, especially such as were at a distance from the centre, reassumed their sovereignty, and their legislatures granted extraordinary powers to the governors, in order to enable those officers to protect their institutions.

In virtue of these powers the governor of the State of Tamaulipas issued, on the 17th of March, 1858, a decree which was designed to afford a remedy for the hardships that were then suffered by the frontier population of that State. This decree established what has since that time been known as the "Free Zone," in which foreign goods intended for the use of the frontier towns of the State, and of the ranches in their jurisdiction, or for trade between those towns, were to be exempt from all Federal duties, but not from municipal or State taxes, an unlimited right of bonding being, moreover, granted to those towns. Thus it was that foreign goods imported there could remain stored indefinitely without paying any duties to the Federal treasury. The said goods paid no import duties, except when they were removed from those towns to be shipped to the interior of Mexico.

Nothing could furnish a better explanation of the true object of the decree issued by the governor of Tamaulipas, if there were room for any well-founded doubt with regard to it, than the grounds on which he based his action, which were as follows:

"Whereas the towns on our northern frontier are in a state of actual decadence owing to the want of laws to protect their trade; and whereas, being situated in close proximity to a commercial nation which enjoys free trade, they need similar advantages in order to avoid losing their population, which is constantly emigrating to the neighboring country; now, therefore, desiring to arrest this serious evil by means of franchises which have so long been demanded by the frontier trade."

The decree of the Governor of Tamaulipas of March 17, 1858, was submitted to the legislature of the State and also to the Federal Congress for their approval, and it was approved by the latter body July 30, 1861.

This brief statement will, I think, be sufficient to show that the establishment of the Free Zone was a step taken in fulfilment of the duty of self-preservation, so to speak, and that it was by no means a measure adopted in a spirit of unfriendliness, much less of hostility toward the United States, as has been believed in this country.

The second impression which prevails here with regard to the Free Zone is equally unfounded.

The events connected with the foreign intervention did not permit the effects of the Free Zone to be felt in Mexico until the republic returned to its normal condition, as it did when peace was restored.

In the report made by the Secretary of the Treasury to the Congress of the United States, September 16, 1869, that officer stated that one of the causes of the then depleted condition of the Mexican treasury was the large contraband trade that was carried on through the Free Zone enjoyed by the frontier towns of Tamaulipas. The Secretary remarked at the same time that the custom-houses of those towns were scarcely able to meet their expenses, which showed that that region had not prospered, notwithstanding the franchises granted to it by the Free Zone, and that the said Zone was not the proper remedy for the evil which it was intended to cure.

It is true that the privilege granted by the Free Zone to the inhabitants of the northern portion of Tamaulipas to import foreign goods without paying import duties, to store them in their own houses, and to keep them in bond for an unlimited time was, and has been, a powerful incentive to smuggling, with a view to repressing which recourse has been had in Mexico to a costly and complicated system of inspection. Protection to smuggling was not, however, the object had in view by the creators of the Free Zone, nor has it been possible for smuggling to be carried on to the prejudice of the United States to the same extent to which this has been done to the prejudice of Mexico.

Inasmuch as the duties levied by the Mexican tariff are much higher than those of the United States, it is evident that the most lucrative contraband trade is that which is carried on to the detriment of the Mexican treasury. That trade is, at the same time, carried on with less difficulty, because the Mexican frontier is very sparsely populated, in consequence of which the difficulty of guarding it is greatly increased, while the frontier of the United States is more thickly settled and better defended against smuggling.

It does not seem to me conceivable that, in order to encourage smuggling, to the detriment of the United States Treasury, which might be counted as one, smuggling could be encouraged to the detriment of the Mexican Treasury, which might be counted as ten [*i. e.*, in order to injure the United States the Mexicans would not be willing to injure themselves ten times as much]; and if the smuggling which is carried on through the Free Zone were a sufficient reason for the abolition of the latter, the interest of Mexico in this matter would long since have settled this question.

There is another consideration to which I think proper to call your attention before concluding this note, and which, in my judgment, may be regarded as an advantage to the United States accruing from the Free Zone. As I have already stated, the Mexican system of legislation concerning customs and excise duties has generally been restrictive and even prohibitory, both by reason of the high import duties established in my country and of the existence of interior custom-houses; also on account of State and municipal taxes, which necessitate vigilance and restrictions that cannot do otherwise than hamper business transactions. I have frequently seen complaints on this account in official documents of this Government, and I confess that some of them



have appeared to me to be not without foundation, although we are the party that suffers most from those restrictions. If the Free Zone in Mexico has inconveniences for this country much less serious than those which it has for Mexico, it has, in my judgment, one advantage which has hitherto remained unnoticed. That advantage is that goods from the United States may be imported into Mexican territory duty free, and be warehoused in the region of the Zone for an unlimited time. No greater privileges to the commerce of a nation can be asked for. If these privileges, which are confined to a limited zone, were extended to the whole country, I do not think that the United States would consider the free admission of their productions into Mexico as being prejudicial to their interests.

As I have already remarked, the opinion of Mexican statesmen with regard to the Free Zone has been divided, some having thought that it should be abolished, because it grants to one section of the country privileges which are not authorized by the Constitution, and others having maintained that, under the circumstances, it was an imperative necessity, and that its abolition would be equivalent to the destruction of the frontier. The latter opinion finally prevailed in the councils of the Mexican Government, and, in accordance therewith the Free Zone was extended to the States of Coahuila, Chihuahua, Sonora, and the territory of Lower California, for a distance of 20 kilometres from the boundary-line; and thus, so far from any encouragement being afforded to those who favored the abolition of the Free Zone, the opposite system triumphed completely.

The Free Zone was subjected to regulations, or rather it was confirmed and amplified, by another decree of the Governor of Tamaulipas, bearing date of October 29, 1860, and the Federal Government did not subject it to regulations until June 17, 1878. Chapter XII. of the tariff of January 24, 1885, subjected the Free Zone to regulations in a restrictive way. Such, however, was the pressure exerted by the frontier towns and by their representatives in the Congress of the Union that, by a decree dated June 19, 1885, the limitations established in that chapter were suspended and more liberal regulations were again adopted in the tariff of March 1, 1887, which is still in force.

I think it proper for me to state in this connection that when I was obliged to study this question thoroughly, owing to the fact of my filling the office of the Secretary of the Treasury of the United States of Mexico, I formed an opinion which was decidedly adverse to the Free Zone, which opinion I expressed in official documents, and recommended its abolition to Congress; so that instead of having been an advocate of the Zone I have probably been its most earnest opponent. The reasons which led me to this conclusion were of a constitutional character, and although I was aware that the situation of the frontier towns of Mexico required the adoption of suitable remedies, I always exerted myself to have measures adopted of such a nature that they could be extended to the whole country, they thereby being divested of their odiousness as privileges.

There can be no doubt as to the right of the Government of Mexico to establish rules relative to domestic and foreign trade in the country and the misunderstanding which has prevailed here with regard to the object and tendencies of the Free Zone, and the manner in which that misunderstanding has been expressed by certain Federal and State officers, has really served as an argument to the advocates of the Free Zone, who attribute to their opponents a design in advocating its abolition to sacrifice the interests of Mexico to satisfy the demands of the United States.

It may not be out of place for me to quote here certain views that were expressed by the Secretary of the Treasury of Mexico in the report submitted by him to the Congress of the Union under date of September 16, 1870. They are as follows:

3679. The friendly representations made by the United States Government to that of the Republic in relation to the injury accruing to the United States from the Free

Zone are also worthy of being taken into consideration by the Congress, not that it may seek to please the neighboring nation in a spirit of servility at the expense of the rights and interests of the Republic, which it is under obligations to care for and uphold above everything else (which spirit would be unworthy of our national representatives), but as a neighborly act, and in order to have a right to be heard and treated with consideration in case that in process of time some difficulty arise on our northern frontier of such a nature as to possess, as regards Mexico, the character which the Free Zone possesses as regards our neighboring nation; in order, moreover, that Mexico may acquire a new title to be heard and considered in a cordial and friendly as well as just and equitable manner when she may have occasion to offer remonstrances with a view to the protection of her interests.

"A nation's dignity is not so well upheld by refusing to consider the moderate and amicable remonstrances of a neighboring nation as it is by hearing and considering such remonstrances and then acting according to the requirements of justice."

As a supplement to this note I have the honor to enclose a pamphlet containing the following documents:

- (1) Text of the decree of the Governor of Tamaulipas, dated March 17, 1858, establishing the Free Zone.
- (2) A law passed by the Federal Congress of Mexico, dated July 30, 1861, confirming the above decree.
- (3) Regulations concerning the Free Zone, promulgated by the Governor of Tamaulipas, October 29, 1860.
- (4) The first regulations concerning the aforesaid Zone, promulgated by the Federal Government June 17, 1878.

Fuller details on this subject will be found in the speeches delivered by the Secretary of the Treasury in the Mexican Congress on the 28th and 29th of October, and on the 4th and 5th of November, 1870, which are contained in the "verbal reports of the Secretary of the Treasury to the Congress of the Union during the first period of the second year of its sessions," printed in the City of Mexico in 1870, a copy of which I sent to you as an enclosure to my note of January 4, 1886.

Be pleased to accept, Mr. Secretary, the assurances of my most distinguished consideration.

Hon. THOMAS F. BAYARD.

M. ROMERO.

NO. 8. MR. ROMERO TO MR. BAYARD.

LEGATION OF MEXICO, WASHINGTON,  
February 14, 1888.

MR. SECRETARY:—In the note which I addressed to you on the 10th instant relative to the Free Zone established in Mexico, I omitted to state two facts, which I think proper to mention here with a view to throwing additional light upon this matter and to dispelling certain prejudices which prevail in this country with regard to it, and which might affect the friendly relations between Mexico and the United States.

The first of these facts is that the Free Zone was not really an invention of the Mexican authorities of the State of Tamaulipas, but an imitation on a larger scale of similar measures which had been adopted more than five years previously by the United States Government for the benefit of that portion of its territory which bordered on Mexico.

The law of the United States Congress, of August 30, 1852, authorized the transportation to Mexico of goods sent in bond by certain routes specified in that law, and by all such others as the Secretary of the Treasury might see fit to authorize. This rendered it possible to send large quantities of goods to the frontier towns of the



United States without paying duties, and to keep them there in bond until a favorable opportunity offered for their exportation to Mexico.

As everything may be abused, the goods that were stored in the frontier towns of the United States were smuggled into Mexico. The United States Congress, when it passed that law, of course did not intend to encourage smuggling to the detriment of Mexico, although such was, practically, its result; just as the Governor of Tamaulipas at first, and the Mexican Congress afterwards, did not intend, in establishing the Free Zone, to facilitate smuggling to the detriment of the United States.

There was no such privilege within the territory of Mexico. All foreign goods, of whatever kind they might be, were subjected to the payment of duty when they were imported.

This difference of circumstances led the public men of Tamaulipas to believe that in order to place both sides of the frontier on the same footing in respect to commercial privileges, they needed to establish privileges similar to those which existed in the United States, although those which they did establish by the decree of March 17, 1858, were much more extensive than those which existed on the left bank of the Rio Grande.

The second fact which I desire to mention is a coincidence which is one of the causes that have induced the inhabitants of the Mexican frontier to attribute to the Free Zone more beneficial results than it has really produced, which circumstance has, perhaps, led to its maintenance and extension.

The situation of the Mexican frontier, up to the beginning of the Civil War in the United States, was, as I have already remarked, one of poverty and even of misery, and formed a striking contrast to the other side of the Rio Grande. That war broke out almost simultaneously with the establishment of the Free Zone. The situation of the Mexican frontier thereupon changed very much, and welfare and prosperity crossed from the left to the right bank of the Rio Grande during that war, and for some time afterwards, owing to the general prostration which prevailed in the South. Superficial observers attributed that prosperity not to its true cause, which, in my opinion, was the aforesaid war, but to the Free Zone, and feeling convinced that it has been productive of extraordinary results, they naturally considered it as a panacea for all evils, and its extension as an imperative necessity for the country.

I hope that these brief explanations will serve to rectify some of the errors and prejudices which prevail in this country in reference to this matter.

Be pleased to accept, etc.,

M. ROMERO.

S. Ex. 130—11.

MR. CRAIN'S SPEECH IN THE HOUSE OF REPRESENTATIVES.

*Congressional Record*, vol. xxvii., No. 65, Fifty-third Congress, 3d Session, Washington, Wednesday, February 27, 1895.

House of Representatives, Wednesday, February 27, 1895. The House met at 11 o'clock A.M. Prayer by the Chaplain, Rev. E. B. Bagby. The Journal of the proceedings of yesterday was read and approved.

MEXICAN FREE ZONE.

THE SPEAKER also laid before the House the amendments of the Senate to the joint resolution (H. Res. 277) in reference to the Free Zone along the northern frontier of Mexico and adjacent to the United States.

MR. COCKRELL.—I move to concur in the Senate amendment.

MR. CRAIN.—Would it be in order to move to refer this matter to a committee?

THE SPEAKER.—It would.

MR. CRAIN.—I move its reference to the Committee on Ways and Means.

THE SPEAKER.—The amendment of the Senate will be read.

The Clerk read as follows:

“Strike out, after the word ‘exists,’ in line 8, the following words: ‘At any point between the western boundary of the city of Laredo, in the State of Texas, and the Pacific Ocean.’”

THE SPEAKER.—The motion to refer will first be submitted to the House.

The question was taken; and on a division (demanded by Mr. Crain) there were—ayes 7, noes 43.

MR. CRAIN.—No quorum.

THE SPEAKER.—The point of order being made that no quorum has voted, the Chair will appoint tellers.

Mr. Crain and Mr. Cockrell were appointed tellers.

Before the announcement of the result of the division

MR. CRAIN said: Mr. Speaker, I withdraw the point of no quorum, with the understanding that I am to have time to explain my position in reference to this matter.

THE SPEAKER.—The point of no quorum is withdrawn. The noes have it and the motion to refer is lost.

The question now recurs on the motion to concur in the Senate amendment.

MR. CABANISS.—I would ask that this amendment be again reported.

The amendment was again read.

MR. CRAIN.—Mr. Speaker—

THE SPEAKER.—The Chair recognizes the gentleman from Texas [Mr. Cockrell] in charge of the resolution.

MR. COCKRELL.—I yield to my colleague thirty minutes.

MR. CRAIN.—Mr. Speaker, the history of this resolution is a very peculiar one. Originally, without the amendment proposed by the Senate, it was an agreed settlement of all of the differences between my colleague from Texas and myself upon the subject of the disestablishment of the Free Zone by the coercion of a neighboring Government on the part of the Congress of the United States. The amended resolution of the House was agreed to by my colleague [Mr. Cockrell], my colleague [Mr. Paschal], and myself, and was adopted unanimously, I believe, by the Committee on Ways and Means of the House. The House passed it by unanimous consent, and it was passed in the Senate without objection, and was signed by the Speaker of the House and by the President of the Senate, and would doubtless to-day be the law of the land but for the fact that Washington's birthday intervened, and the resolution, as thus signed, failed to reach the hands of the President.

The resolution as amended was recalled by the Senate without objection, and an amendment inserted by that body providing that the coercive measure suggested in the resolution should apply to the entire boundary between the Republic of Mexico and the Republic of the United States. I have no objection to the gentlemen who represent other portions of the Rio Grande having their wishes carried out in that regard, but I do protest in the name of the constituency I have the honor to represent against the imposition of a coercive measure like this upon their neighbors on the other side of the Rio Grande.

I cannot understand, Mr. Speaker, how Democrats who are theoretically and who are assumed to be practically free traders can favor a measure which has for its ultimate effect, as stated in the body of it, the coercion of a sister Republic into the disestablishment of free trade and the establishment in lieu thereof of a protective tariff system. I can readily understand how logically and consistently our Republican



brethren can support such a proposition, but I fail to understand how gentlemen claiming to be Democrats and who are willing to put wool upon the free list and sugar upon the free list and iron upon the free list, and other raw materials upon the free list, can support a measure which declares to the Mexican Government that it must discontinue free trade along our frontier and substitute in place of it a protective tariff system.

The Mexican Free Zone includes a strip of territory varying in width from three to twelve or thirteen miles. In that territory all goods coming from any country in the world, whether from Japan, China, or the United States, are entered by the payment of one-tenth of the regular Mexican tariff rate. After those goods leave that Zone they are compelled by each municipality, by each State, and by the Federal Government through whose territory they pass to pay the regular tariff rate imposed.

Now, Mexican wool comes into Texas free. Why? Because we have established a *Zona Libre*, not three miles in extent, but coextensive with the limits of the United States, because we have made wool free. I say to this House, Mr. Speaker, that by the adoption of this resolution we affect not the people of Mexico alone, not those who are charged with being smugglers, but foreign governments, whose importers have the advantage of the bonded system and also every mode of transportation of foreign goods in bond across the territory of the United States intended for consumption in the Republic of Mexico.

The opposition to the proposition as agreed upon and unanimously passed by this House, which opposition was raised in the Senate, was not based upon any political or economical ground, but upon the pretext that the carrying trade of all these goods in bond would enter Mexico by one railroad, the Mexican National, or by the International and Great Northern, and would be taken away from the Southern Pacific, the Texas Pacific, and other roads running into and through the territory represented by my colleagues who favor this resolution.

It is an injustice to foreign Governments. Why? Because the subjects of these Governments who are manufacturers, who are producers, are prohibited from carrying their goods in bond across the territory of the United States into the Republic of Mexico. Gentlemen in the other Chamber of this legislative body have said, "We are Americans; we do not intend to be compelled by Germany or by France to remove the differential tax on sugar, when they seek to compel us to do it by retaliation by refusing importations of American breadstuffs, American beef, or American meat products of any kind, character, or description." And yet we propose by this resolution to say to Mexico, "Until you abolish the Free Zone you shall not have the privilege of the bonded system across our country." Will any gentleman rise now—and I pause for a reply—and give any sound, truthful reason for this proposition? Nobody suggests a reason.

It is said that the Mexican Government wants this Free Zone disestablished. It is within their own province. It is within their own territorial jurisdiction, and if they desire to have it abolished, why does not the Mexican Congress, acting with the Mexican President, abolish it? Is it possible that in order to accomplish this result they appeal to the American Congress? We might as well say that until Great Britain does away with comparative free trade we will keep up our high protective-tariff system. We repel the idea of coercion on the part of European Governments, and yet we attempt to establish a similar policy by our legislative enactment.

Only twelve per cent. of the entire importations into Mexico remain in the Free Zone. It has been said that it is a hiding place, a nesting place for smugglers. Mr. Speaker, I have in my possession a letter from the collector of customs at Laredo which is an answer to this base, calumnious charge against my constituents. I do not stand here to speak for others. If colleagues of mine say that their constituents

are smugglers, I do not attempt to dispute the suggestion, for I have no knowledge on the subject; but as to my own constituents I do repel the insinuation, or the charge, in whatever form made or whencesoever it comes, with all the power of language I can command.

I ask, Mr. Speaker, that the Clerk of the House read this communication.

THE SPEAKER.—The Clerk will read.

The Clerk read as follows:

"CUSTOM HOUSE, COLLECTOR'S OFFICE,

"LAREDO, TEX., February 23, 1895.

"MY DEAR SIR,—I am just in receipt of the marked copy of the *Washington Post* of the 12th instant, sent me by you, containing an extract from the report of Civil Service Commissioner Lyman on his recent tour of inspection along the Mexican frontier. With the greater part of the conclusions reached by Commissioner Lyman I very heartily agree, but I am unable to see what benefit will accrue to the United States from the abolition of the Free Zone. It is true that petty smuggling is constantly carried on between the towns in the Free Zone just across the river and those on this bank. This petty smuggling is annoying and it is almost impossible to prevent it. The purchases of foreign goods in Nuevo Laredo, for instance, made by persons from this side are usually small in quantity and value. I think that in most cases the petty smuggling of this character is done by ladies who conceal about their persons a few pairs of silk hose, of kid gloves, small quantities of lace, and in some instances silk dress patterns. As the majority of the people here, however, do not indulge in silk goods of any character these purchases are not extensive. On the other hand the people who live across the river buy very largely on this side, their purchases consisting of groceries, prints, hardware, and articles of like character.

"One gentleman who lives in Nuevo Laredo told me yesterday that his monthly bills on this side of the river amounted to \$60. Numbers of families living in Nuevo Laredo buy practically all of their groceries from merchants on this side of the river. The commission merchants here tell me that they have in the Free Zone one of their best markets. Flour, bacon, and many other American products are sold in Nuevo Laredo and the territory above and below that point. In fact, the balance of trade is very largely in our favor. I can not assent to the proposition that the existence of the Free Zone has inured very largely to the benefit of the Mexican border towns, and that business is 'dead and unprofitable' in the American towns opposite them. This is not true of Laredo. This place has been steadily growing in importance as a business point for the past several years. Our merchants have been doing a large and profitable business, and all of them are prosperous.

"During the long period of depression that has prevailed everywhere we have not had a single failure among our business men. There is not a single storehouse on this side of the river that is unoccupied. There are numbers of vacant houses in Nuevo Laredo, across the river, and they have only two general dealers whose business is of any importance. On the Mexican side of the river the towns of Guerrero, Mier, Camargo, and Matamoras, all in the Free Zone, are dead towns. Guerrero was formerly a fine little city of about 6000 population and with a thriving trade. I visited it some two months ago, and found it a 'deserted village' of about 800 people. Its storehouses are closed and its trade is dead. I learn that this is true in a large measure of the other towns named.

"If the proposition now before Congress to withdraw from the Mexican merchants the privilege of transporting goods in bond across our territory become a law, it will divert from our American railroads a large part of the freight traffic now enjoyed by them and will send it permanently to the Mexican ports of Tampico and Veracruz. Should it be enacted and the result be the abolition of the Free Zone, what benefit