

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
	<hr/>		<hr/>
	$38\frac{1}{2}$		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 thousand) . . . . .	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.

total reduction would have amounted to nearly fifty per cent.

This project was adopted by the Lower House, but rejected by the Senate, and the sessions of 1826 terminated without any understanding between the two Chambers having been effected.

In the present Congress, nothing has yet been done, but as the Tariff appears to be one of the principal objects of the extraordinary sessions, (November 1827,) there is reason to suppose, that, early in the ensuing year, some new arrangement will take place.

In addition to the modification of the Duties, which, for their own sakes, the Mexicans must, sooner or later, adopt, there are other essential points, in which a change is hardly less requisite.

Very great inconvenience has been occasioned by that part of the existing regulations, by which the Coasting trade is reserved to National vessels; for, by a strange misinterpretation of this article, Foreign merchant ships arriving on the coast of Mexico with a cargo of goods consigned to different ports, and different correspondents, are forced to discharge the whole, at the first port which they enter, and to procure, at an enormous expense, Mexican small craft to convey the goods intended for other ports to the place of their destination, or to send them overland, which, in most cases, from the total want of roads, and the greatness of the distance, is impracticable.

The mischief done by such a regulation as this, in a country where, both to the East and West, the population is scanty, and the extent of the line of coast enormous, is incalculable: A cargo, for instance, part of which, if landed at Tampico, or Refugio, might be disposed of to advantage, becomes of no value if landed in toto, at Veracruz, and sent inland to the already glutted market of the Capital; and yet the same vessel may have other goods on board, totally unfit for the Northern market. But, after once breaking bulk, she is not allowed to re-embark any part of her original cargo, and is, therefore, compelled to re-ship one portion of it on board a Mexican coasting vessel, which process is attended not only with great loss of time, but considerable additional risk.

On the Western coast, another regulation prevails, of a still more oppressive nature: merchant vessels proceeding from Europe round Cape Horn, generally carry out an assorted cargo, calculated to answer the demand of all the different ports at which they may touch. Many of the articles prohibited in Mexico are not contraband in Chile, Peru, Colombia, and Guatēmālā, all of which have ports upon the Pacific.

A vessel may, therefore, naturally have on board goods for all these different markets; and if there be no attempt at concealment, these goods cannot fairly be assumed to be brought into a Mexican port with any fraudulent intention. But such is not the spirit of the present code of Mexico; for, should a



vessel thus circumstanced, from a wish to dispose, first, of the Mexican part of her cargo, enter a Mexican harbour, the whole of the property on board, not included in the Tariff of the Republic, is confiscated, although the invoice may prove this property to be destined for another market.

The case actually occurred in 1826 with the Peruvian brig "Huasco," bound from Callao, to Güyāquīl, and Rěälējō, (in Guatemala). After discharging the part of her cargo destined for Guyaquil, she proceeded to San Blas with a freight of Cacao for the Mexican market, intending to touch, on her return, at Rěälējō, with the rest of her cargo; which, on her arrival at San Blas, was duly manifested, and deposited in the National warehouses. The Cacao was disposed of; but, on making the usual application for leave to re-embark the goods destined for Gūatēmālā, the Supercargo was informed that these goods were contraband, and confiscated to the State. An appeal was made to the tribunals in vain; and, after a law-suit of four months, during which time the vessel was incurring a very heavy expense, the rainy season having set in, the Supercargo was compelled to return to Peru with the total loss of a part of his cargo, and the abandonment of his intended voyage to Rěälējō.

Another very general cause of complaint is the Warehousing system, more particularly as practised upon the Western coast. At Veracruz, and Tampico, there are proper magazines for the re-

ception of the goods when landed; but at St. Blas, the only warehouse is situated in the town, at a considerable distance from the landing-place, and upon the top of a very steep hill; whereby much delay, inconvenience, and loss, is unavoidably occasioned. The damage to fine goods; the breakage of glass and crockery; and the leakage in spirits and wine, in discharging, carrying inland, warehousing, unstowing, carrying back again to the beach, and re-shipping, in the event of re-exportation, independent of the expence incurred in mule hire and labour, amounts, upon each cargo, to a very large sum. Nor is this all: the magazines themselves are infested by a species of white ant, called *el comajen*, which attacks every thing, and destroys, in an incredibly short time, whatever it does attack. All these disadvantages, combined with a difference in the mode of levying the Derecho de Internacion, which is exacted upon all goods at San Blas, (whether sent into the Interior, or not,) at the expiration of a term of ninety days, and an additional duty of two and a half per cent, (under the name of *Āvēriā*) paid upon the exportation of Specie, have nearly destroyed the trade of San Blas, which, at one time, had acquired considerable importance. Merchant vessels, latterly, have proceeded, almost uniformly, to Māzātlān and Gūāy-mās, where, from there being no Government establishments, the warehousing of goods, and even the payment of duties at all, have not been very

strictly enforced. It is to be hoped that the Executive will take warning by the fate of San Blas; for, otherwise, the establishment of a Custom-house at the new ports will only serve as a signal to the importers of foreign goods to seek other channels of communication with the Interior; and the Revenue will be defrauded, at the same time that all the security of fair commercial enterprise will be destroyed. The evil can only be corrected by the reform of abuses, which compel even the most respectable houses to have recourse to smuggling, as the only means of saving their property from destruction.

One of the most serious defects of the present regulations still remains to be mentioned,—the power given to the Vista, or Inspector, of admitting articles not expressly included in the Tariff, at a valuation, regulated by that of the article most analogous.

The extent to which this provision might operate, was not, at first, foreseen; but, in the course of the last three years, so many articles of European manufacture, formerly unknown in Mexico, have found their way to its shores, that very great room has been left for the exercise of the discretionary powers, with which the Vistas were intrusted.

Amongst the articles not included in the old Arancel, were British Plain Cotton\* goods, for

\* The cotton goods here alluded to, are those known in Manchester by the name of "Long Cloths," being an imitation of those imported from India formerly, and indeed at present to a

which no specific valuation was fixed, and which were, consequently, estimated by the valuation of India Cottons, (to which they were supposed most to approximate,) with a reduction in the valuations in proportion to the inferiority of the goods.

Thus, India Cottons were estimated at four and five reals per vara, and British, (of the same widths) at two and three reals; on which valuations the duties were calculated, and paid.

This arrangement remained in force for upwards of two years, with the implied (though not specific) approbation of the Government; and was regarded, by the merchants, as equally valid with the other articles of the Tariff, upon the faith of which the Trade with Mexico was conducted: Cottons became one of the principal articles of importation, and the sale was so favourable in 1825, that very extensive orders were given for 1826, no less than five vessels with cargoes principally of Cotton goods, having entered the ports of Veracruz, and Tampico, in October and November of that year.

But, at the very moment when these vessels were about to clear, a question was raised in the Senate, limited extent. But in this important article of commerce, England is likely to be outdone by the recent manufacturing establishments of the United States. Their coarse, grey, or unbleached long cloths already supersede the British in the markets of the Brazils and Mexico.

A considerable trade in this article is now carried on with the Indian Archipelago; such has been the extraordinary revolution of the cotton trade of the East Indies.

respecting the legality of the reduced valuations adopted in 1824; and the Minister of Finance was desired to state, by what authority British Cottons had been allowed to be imported on terms more favourable than India cottons, for which alone a valuation was fixed by the Arancel?

The Minister, in lieu of explaining the circumstances of the case, and pointing out the impossibility of levying the same duties upon articles, the intrinsic value of which differed so materially, threw the whole responsibility of what had been done upon the Custom-house officers on the coast, who, in self-defence, were compelled to inform the merchants, that no Cottons would be thenceforward admitted, but upon the payment of the full duties, in lieu of those payable upon the reduced valuations.

The injustice of such an innovation, (which amounted in fact to a prohibition) at the very moment when great importations were about to be made, in full confidence that no change could take place in the established Tariff, without due warning being given, was strongly represented to the Mexican Government; and the Executive was so far convinced of the impolicy of the measure, that an appeal to Congress was made against it, and the goods recently imported were allowed to remain in Deposit, until the point at issue should be decided.

The discussion was protracted, and the result long doubtful, for the question involved private, as

well as public, interests. Nothing was determined by the Congress of 1826, nor was it until the end of February, 1827, that a return to the old duties of two and three reals per vara, was decreed by Chamber of Deputies. The concurrence of the Senate was subsequently obtained, (16th of March,) but, from the vague terms in which it was worded, another doubt arose as to whether the Import duties were to be paid on the goods being "dispatched," at the Custom-house on the coast, (most of them having been in Deposit three and four months,) or whether the ninety days, allowed by law for the payment of the duties, were to be reckoned from the date of the decision of the Congress respecting the valuations.

Upon this point, a verbal promise had been given by Mr. Esteva, who agreed, at a very early period of the discussion, that, from the moment that the appeal against the increased valuations was entered, and admitted by the Government, the time which might intervene between the date of this appeal, and the decision of the Chambers respecting it, should not be included in the legal term of Deposit.

But Mr. Esteva having quitted the ministry, his successor (the present minister) did not, at first, conceive himself to be bound by this promise, and refused to interpret the silence of the Senate with regard to a point, upon which, as far as British interests were concerned, the whole question turned;—as, to most of the houses concerned, the immediate

payment of the duties, which amounted to no less a sum than Seven hundred thousand dollars, (£140,000,) would have been hardly less disadvantageous than the re-exportation of the goods.

The Collectors upon the coast, left again to act upon their own responsibility, insisted, of course, upon the payment of the duties as soon as the goods were withdrawn from the Government Magazines, and, in some instances, actually proceeded to enforce it. The consequence was, that new representations to the Government became necessary, and business was, once more, at a stand, until the point was referred by the Ministers to the President himself, who, immediately, decided it in favour of the merchants, and directed orders to be given to the Collectors upon the coast, so clear, and definitive, that no doubt or difficulty afterwards occurred, and things resumed at once their usual course.

All this unpleasant, and tedious discussion, originated, (as has been shown) in the exercise of a discretionary power in a case where every article of the mutual compact ought to have been most explicitly defined. Fortunately, the disadvantages inseparable from such a state of things were corrected, in the instance under consideration, by a strong sense of justice in the Executive; and it must be admitted, that, however good the abstract right of the merchants might be, to claim the indulgence which they at last obtained, it does no little credit to the Mexican government that it should, at a

moment of some pecuniary embarrassment,\* have given up, for three months, so large a sum as seven hundred thousand dollars, which were almost within its grasp.

The fairness with which I have stated, in this Section, the disadvantages under which the commerce with Mexico is, at present, carried on, may be regarded as some proof that I have not, intentionally, overrated its importance. Many of the present abuses will, I trust, be gradually removed, for, in the reports of the Commissioners who have been employed by the Government to inspect the Custom-house establishments upon the coast, I observe that most of the grievances mentioned in this Section, are noted as requiring immediate redress. This is more particularly the case in a printed report lately published by Mr. Valdez, who was sent, as a Special Inspector to San Blas, and whose opinion concurs entirely with that of His Majesty's Consul, Mr. Barron, with regard to the causes which have reduced the trade of that port, in two years, from 500,000 to 94,000 dollars. It is from such investigations as these, originating at home, and conducted by natives, that conviction and improvement may be expected; but time is necessary to bring them to maturity, and on this account I

\* The dividends for the July quarter, remitted by the Primrose, were then making up, and the government was very anxious, on this account, to augment, as much as possible, the funds at its disposal upon the coast.

should regard it almost as a desirable event if the present Tariff were allowed to remain a little longer unchanged. The commercial interests of the country will be better understood in 1828 than they are in 1827; although, since 1821, great progress has, undoubtedly, been made: and as, when a reform is effected, it is to be wished that it should be permanent, the more time that is allowed for reflecting upon it the better.

The revenue of Mexico, however, (of which the Customs form so important a branch,) will never attain its full extent, until the system has received all the ameliorations of which it is susceptible.

If changes are judiciously made, and the duties so reduced as to bring the imports more within the reach of the great body of consumers, (who are now either excluded from the market, or forced to purchase their supplies from the illicit trader,) I am inclined to believe that the whole expenses of the Republic may be provided for by the produce of the Customs alone. Under all the disadvantages of the present system, they have yielded, in ten months, 7,043,238 dollars, and I have estimated their produce for the ensuing year at eight millions.

Without pretending to fix the ratio of increase afterwards, or to determine the period within which it may be expected to take place, (for both of these depend upon the proceedings of the legislature,) the facts contained in the preceding pages will, I think, demonstrate its possibility. The rest,

time, and the gradual influence of experience upon the Mexicans themselves, must determine. I must repeat, however, that during the last three years the way has been prepared for the introduction of a better order of things. Communications have been opened between the most distant points; the post-office has been re-organized, (although much room for improvement in that department still remains,) and a system of general passports established, by which foreigners are secured against the petty persecutions to which they were formerly exposed, on the part of the local authorities. The prejudices originally entertained against them are likewise subsiding, and it is my belief that, with these prejudices, no small portion of the jealousy felt with regard to their supposed fraudulent intentions in trade, will likewise disappear.

Happy indeed will Mexico be when the Congress discovers that the interests of the Government, if rightly understood, are not only not incompatible with those of the established merchant, but are so far identified with them, that commerce and the revenue must stand or fall together. Then, and then only, will Mexico attain that station which she seems destined to hold hereafter amongst the great communities of the world; for then, and then only, can the wonderful capabilities of her soil, and the not less wonderful abundance of her mineral treasures, be turned to full account.