

**RELATIONS BETWEEN GREAT BRITAIN AND MEXICO**

**1820 - 1870**

**by**

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DEDICATED TO MY MOTHER

BI ZENA FADHILI

FOR ALL HER SACRIFICES

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## ABSTRACT

'Relations between Great Britain and Mexico, 1820-1870' is a study of both the diplomatic and economic relations between the above two countries at a time when British diplomacy was limited by the restrictive view of the functions of government implicit in the doctrines of free trade and laissez-faire, and by a consistent adherence to the principles of international law. During this period under study, the central and consistent objective of British diplomacy was the promotion and protection of Britain's commercial interests. This thesis therefore discusses the policies pursued by the British government towards fulfilling this objective in Mexico, and the activities of British commercial concerns and investors in that country from the period of emancipation to 1870, three years after the suspension of diplomatic relations with the Juárez government. It also examines whether these relations were of mutual benefit to the two nations.

Chapter 1, 'The Background to Mexico's Independence' is concerned with the Mexican struggle for emancipation from the yoke of Spanish colonialism, and the policies pursued by the British government towards this conflict. The Mexican revolution was only successful after the 1820 Spanish Revolution when Augustín Iturbide was able to unite all the sectors of the Mexican population against Spain. The Church and the creoles, who had all along been opposed to independence because Hidalgo and Morelos advocated social changes that would have undermined their privileges, lent their support to Iturbide because he was fighting to preserve their privileges against Liberal reforms advocated by the Spanish government in 1820.



Britain did not support independence movements until 1822 because it was important that the Spanish Empire should remain intact if the Anglo-Spanish alliance against France was to remain strong. She offered to mediate on conditions that Spain introduced political and economic reforms in her colonies, and also opened their trade to other nations. Spain refused and insisted on being helped militarily to recover her authority. Though Britain did not recognise Mexico's independence, she made sure that European powers did not help Spain recover her authority through the use of force. She also made sure that the United States did not gain undue influence by recognizing these colonies. All these efforts were made to protect British commercial interests.

Chapter 2 explains why although after 1822 Britain recognised Mexico's de facto independence, she was not willing to extend her political recognition. Britain wanted recognition to be a joint European venture led by Spain, and feared that if she recognised Mexico on her own she might anger her European allies who would then isolate her. Britain did however protect her economic interests by opening consulates in 1824. This was as a result of pressure from British businessmen at home, and the fear of the United States and France gaining political influence in this region.

Chapter 3 discusses why George Canning, the British Foreign Secretary, found it necessary to recognise the Independence of Mexico after 1824. There was a need for the protection of Britain's growing commercial interests in Mexico, especially investments in the silver mines and trade of Mexico, and also to prevent the United States <sup>gaining</sup> ~~-gaining-~~ from her recognition of the Mexican independence in 1823.

Chapter 4 discusses why it was important for Britain to create a sphere of influence in Mexico. There was a need to create a buffer zone in Mexico to prevent the spreading of the United States influence into Latin America. Canning feared that the United States aimed at isolating the Americas from Europe and therefore this 'danger' had to be stopped. The pro-British Victoria administration helped the British government to consolidate their position. Mexico needed Britain's alliance and friendship to secure her independence and territorial integrity from European aggression and the United States policy of expansionism (Manifest Destiny).

Chapter 5 discusses British mediation in the 1838-1839 Franco-Mexican Conflict which resulted in the French blockade of Mexican posts. Britain was reluctant to intervene because Lord John Russell, the Foreign Secretary, believed that the French in enforcing their redress had not violated any international law. However pressure from British businessmen who were suffering from this blockade, forced Lord Russell to intervene and settle this conflict.

Chapter 6 discusses the Anglo-Mexican cooperation in the prevention of the slave trade. One of the reasons why Britain recognised the Spanish American states was to secure their cooperation in the prevention of the slave trade. After long discussions the Mexicans agreed on 24 February 1841 to sign a treaty for the prevention of the slave trade. The signing of this treaty with Mexico was to prevent her flag from being used by slavers as a means of protection. This British measure therefore proved successful.

Chapters 7 and 8 discuss British commercial concerns in Mexico - Mining ventures and trade. The earlier chapter discusses why the seven British mining companies formed between 1825-1827 were a

financial failure. It also discusses the problems they went through and their technological successes in the area of drainage and treatment of low grade silver ores. Chapter 8 discusses how the British were able to secure a dominance in the Mexican trade, and how Mexican dependence on Britain came into being. Cheap British goods that flooded the Mexican market destroyed the local industries, and thus Mexico came to rely upon cheap British goods. The destruction caused by the Wars of Independence and the withdrawal of the only circulating capital by the peninsulars also proved the way to British capital and entrepreneurs.

Chapters 9 and 10 discuss Mexico's (British) external and internal debts. Chapter 9 shows how the two loans raised in London in 1823 proved ruinous to Mexico, and the problems that faced Mexico in repaying these loans. The result was that by the 1860's over seven-tenths of the Mexican customs revenue was mortgaged to British claimants. Chapter 10 discusses how political instability and civil wars affected British subjects. The result was that Mexico was faced with demands for payments of redress for forced loans, confiscation of property, injury to life, and breach of business contracts, etc. Diplomatic conventions were therefore signed to settle these claims.

Chapter 11 discusses the Allied intervention in Mexico in 1861-1862 and why Britain only offered a limited participation despite having enormous claims. Britain was opposed to internal interference in the affairs of Mexico for the Latin American region no longer



played an important part in European politics (European balance of power) which the British administrators were pre-occupied with. Britain was also afraid to anger the United States which was opposed to European intervention in the Americas.

Chapter 12 explains why Britain recognised the Maximilian Government. Pressure for recognition came from Queen Victoria and the Prime Minister, Lord Palmerston, who believed that only monarchical institutions could bring peace to Mexico. The breaking of diplomatic relations in 1867 with the Juárez government was caused by Mexico's accusation of British violation of her neutrality by recognising Maximilian. Juárez also believed that relations between the two countries were of no mutual benefit to Mexico, and therefore wanted fresh arrangements that would not expose Mexico to exploitation.

The conclusions must be that Britain was mainly interested in advancing and protecting her economic interests, that she did not interfere in the internal affairs of Mexico, and that the relations between the two countries were far from mutually beneficial, for Britain gained the most. The British were able to erect upon the ruins of Spanish colonialism the informal imperialism of free trade and investment. Thus Mexico's dependence shifted from Spain to Great Britain.

## INTRODUCTION

George Canning, the British Foreign Secretary (1822-1827), considered the establishment of cordial relations with Mexico which "In point of population and resources was at least equal to all the rest of the Spanish colonies", as the key to his Later American policy.<sup>1</sup> Mexico therefore played a very important part in the foreign policy of the British government both in the advancement of British commercial interests and in the struggle for political dominance between Britain and the United States in Latin America. Britain recognized the independence of Mexico in 1825 and two years later was able to establish her dominance in that country.

Two major factors influenced George Canning in his decision to recognise the independence of Mexico: (i) the magnitude of British investments in that country. These investments were sunk in the Mexican silver mines and territorial concerns and were on the continual increase, and could only be rendered lucrative after a considerable period of time. There was therefore the need for diplomatic protection if they were to prove profitable; and (ii) the fear of the "ambition and ascendancy" of the United States. Canning feared that the United States aimed at establishing her dominance in Latin America to the exclusion of Britain and other European nations. It was therefore Canning's aim to create a buffer zone in Mexico if such a danger was to be averted.<sup>2</sup>

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1. H.W.V. Temperley, The Foreign Policy of Canning 1822-1827, G. Bell and Sons Ltd., London, 1925, p. 146.

2. J. Fredrick Rippey, Historical Evolution of Hispanic America, Basil Blackwell, Oxford, 1932, p. 374.

Mexico on her part was very anxious for British recognition and friendship for Mexican leaders believed that an alliance with Britain would guarantee their territorial integrity from the aggression of the Holy Alliance. Britain had clearly and strongly declared that she was opposed to European aggression against the Latin American states. She had also made a pledge that she neither intended to secure any part of the former Spanish American Empire, nor would she allow them to be transferred to any other nation.

On December 26, 1826 Britain and Mexico signed in London a treaty of Amity, Commerce and Navigation which was ratified a year later. Ratifications were then exchanged in London on 19 July 1827. The treaty guaranteed to the British subjects the fullest possible range of freedom to enter and 'develop' the Mexican economy on most advantageous terms. It guaranteed to the British subjects both civil and religious liberties, and exemption from forced contributions and military services. As for the Mexicans they were able to gain the friendship of a very powerful nation which was the leading industrial and naval power. They were also able to secure British funds and skill to revive their shattered economy and mining industry which were almost brought to a standstill by the destructions caused by more than a decade of civil wars (the wars of Independence) and the withdrawal of Peninsular capital.

Once the above Commercial treaty had been negotiated, British diplomacy had fulfilled its principal duty to the British commercial community in the direct promotion of British trade. The treaty created conditions in which trade and investments could safely be conducted, and the rest, in the Laissez faire spirit of the time,



was left to the individual merchant, contractor and investor.<sup>3</sup>

The Central and consistent objective of British diplomacy as D.C.M. Platt puts it, "was the protection and the development of the British commercial connection, and it was an objective which, in an era of Laissez-faire and free trade, made only limited demands on official services."<sup>4</sup> Doctrinaire free trade dominated British commercial diplomacy throughout the Nineteenth Century.

After striving for nearly two hundred years to get a share of the Mexican trade which Spain monopolized, British merchants were able after 1821 to move in and gain a predominance throughout the period under study. Though Britain enjoyed a dominant political influence in Mexico, the policy of the British government retained the principle of "no exclusive privileges, no invidious preference (for British subjects), but equal freedom of commerce for all."<sup>5</sup>

British merchants, manufacturers, bankers, and shippers enjoyed a dominant position in the Mexican trade. Their goods undersold those of their rival competitors, and British shippers supplied Mexico with more than 50% of her imports. Mexico was principally a market for British textile (cotton, linen and woollen) goods. These amounted for more than half of the British exports to this country. Massive British imports simply crushed local industries based on outdated technology.<sup>6</sup> Mexico thus came to depend on Britain for her imports.

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3 D.C.M. Platt, "British Diplomacy in Latin America since the Emancipation," Inter-American Economic Affairs, Vol.21, Winter 1967, No.3, p.27

4 Ibid, p.26.

5 F.O. 72/284, George Canning to William A Court, January 30, 1824.

6 Stanley J. Stein and Barbara Stein, The Colonial Heritage of Latin America, Oxford University Press, New York, 1970, p. 134.

Seven British mining companies were formed between 1822-1825 to revive and develop the Mexican mining industry destroyed by more than a decade of the Wars of Independence. Though these companies were a financial failure, they were able to introduce lasting technical advances in the area of drainage and treating ores.<sup>7</sup>

The large sums of money introduced by the British through investments, trade and the two loans raised in London in 1823, contributed to the prosperity of the Mexicans. Their trade increased to a surprising degree and the whole country wore the appearance of abundance.<sup>8</sup>

The period that followed the secession of Texas from Mexico in 1836 was full of political violence and anarchy. Civil wars and revolutions disrupted the Mexican economy, disorganised the Mexican government, and murder and confiscation of civilian property were very common. Lack of enough revenue forced the various Mexican governments to resort to forced loans, taxes on capital, and to increase commercial taxes. The more prosperous foreigners were the chosen prey of every ambitious political leader in need of funds.<sup>9</sup>

British diplomats in Mexico "constantly pressed, on behalf of their nationals, claims for illegal exactions by customs authorities, arbitrary and unjust arrest, detention without trial, neglect of treaty obligations, breach of contract, cancellation of concessions, forced loans, damages in revolution or in war by officials, troops

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7 Robert W. Randall, Real del Monte. A British Mining Venture in Mexico, University of Texas, Institute of Latin American Studies, Austin, 1972, p. 87, 101 and 219.

8 J.R. Poinsett, United States Minister to Mexico, to Martin Van Buren, Secretary of the United States, Mexico, March 10, 1829, in William R. Manning(ed) Diplomatic Correspondence of the United States concerning the Independence of Latin American Nations, Oxford University Press, New York, 1925, Vol.III, p. 1677.

9 Daniel Dawson, The Mexican Adventure, G. Bell and Sons Ltd., London, 1935, p. 3.

or revolutionaries, embargoes, murder, denial of justice, and persistent default."<sup>10</sup>

The suspension of payment to British claimants by the Juárez Government, led the British government to join forces with Spain and France and invade Mexico in 1861. The Allied intervention in Mexico represented one of the only examples of full scale British intervention for British commercial interests in the history of nineteenth century Latin America.<sup>11</sup> British intervention was founded on the breach of Anglo-Mexican conventions and the violation of diplomatic privileges. Britain however pulled out of the expedition in 1862 when it became clear that Napoleon III aimed at imposing Maximilian, the Archduke of Austria, on the Mexican people and create a French protectorate.

Britain did however recognise the Maximilian government in 1864, and this action resulted in the suspension of diplomatic relations between Britain and Mexico when President Juárez defeated the Emperor in 1867.

The central argument of this thesis is that British diplomacy in Mexico was purely commercial in function. British major concern was to safeguard her enormous economic interests, and for this to be effective Britain had to create a sphere of influence in Mexico. The British government was not prepared to take the defence of general British interests as far as intervention in the internal affairs of Mexico was concerned for no over-riding political interests existed. There were indeed no obvious reasons why Britain should have had any

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10 D.C.M. Platt, "British Diplomacy in Latin America since the Emancipation", Inter-American Economic Affairs, Vol. 21, Winter 1967, No. 3, p. 29.

11 D.C.M. Platt, "British Capital, Commerce, and Diplomacy in Latin America. Independence to 1914 - Intervention or Abstention?", D.Phil. Thesis, St. Antony's College, Oxford, 1962, p. 59.



political interest in Latin America for strategic interests after the 1820's were slight or non-existent. Furthermore, Mexico took no part in the problems of the European Balance of Power which preoccupied Victorian statesmen. It is also the argument of this paper that though in the initial stage, British capital helped to revive the Mexican economy, British loans were partly responsible for financial ruin of Mexico. British investors through the "London Bonds" continued to exploit Mexico until the country could no longer repay them any more. This foreign parasite continued to grow in size and intensity.

Throughout this thesis the main questions we shall be asking will include: (i) What were the main British interests in Mexico? (ii) Why did Britain take a long time to recognise the Independence of Mexico? (iii) What were the advantages gained by the two countries in signing the 1826 Commercial treaty? (iv) Why was Britain able to defeat the United States in making Mexico her sphere of influence? (v) Why was it difficult for Mexico to easily sign a treaty for the prevention of the slave trade when slavery was almost nonexistent in that country? (vi) Why did Britain not protest against the 1838 French blockade of Mexican ports, and what faced the British government to reluctantly offer her mediation?

We shall also be concerned with the question of the two loans raised in London in 1823. Our aim here will be to find out how these two loans ruined the Mexican revenue. An interesting factor here will be the question that faces the Third World countries today. Do foreign loans really help to develop our countries or is it an invitation to the advanced countries to exploit us? Another

interesting question will be: why did Mexico fail to meet her international obligations? Here we shall look into domestic problems that faced the country, and try to see whether the Mexican argument that she did not have enough finances to meet her commitments was true. Another question would be: Were the Allies justified in their intervention or was this another case of European Imperialism?

Lastly, we would look for the reason why Britain was only prepared to offer limited participation despite considerable grievances being involved? Why did the British government after being opposed to foreign speculation attempt to defend the rights of the British Bondholders? Why did Britain recognise the Maximilian government, and why did the Juárez government decide to suspend diplomatic relations with Britain in 1867?

## CHAPTER I THE BACKGROUND TO MEXICO'S INDEPENDENCE

Napoleon Bonaparte's invasion of Spain in 1808, and the subsequent fall of the Spanish monarchy, led to the rise of resistance movements in Spain and Spanish America against the French authority. The formation of a junta general in Spain was followed by the formation of juntas and cabildos in the colonies in the name of the deposed Ferdinand VII.<sup>1</sup> However, the Mexican creoles not only rejected Napoleon's authority, but also the domination of the junta general.

The power vacuum created by the fall of the Spanish monarchy, encouraged the Mexican creoles to attempt to sever links with Spain. Creole leaders argued that in the absence of the king, sovereignty reverted to the people, i.e. them. They therefore sought creole power and national independence in order to be able to control their own destiny.<sup>2</sup> The creoles held that the Spanish American dominions were the property of the Spanish crown, and strictly speaking they were not colonies but kingdoms united to the Kingdom of Spain by a dynastic tie. They therefore argued that the capture of the crown of Castille by the French, and the installation of Joseph Bonaparte on the throne, severed the bonds that united Spanish

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1 John D. Bergamini, The Spanish Bourbons, G.P. Putnam's Sons, New York, 1974, p. 129; Jan Bazant, A Concise History of Mexico, Cambridge University Press, New York, 1977, p. 7; and R.A. Humphreys, 'The fall of the Spanish American Empire,' in Lewis Hanke (ed), A History of Latin American Civilization, Vol. I, Methuen and Co.Ltd., London, 1969, p. 495. In 1808 the Spaniards witnessed a popular revolt that overthrew the hated favourite, Manuel Godoy and King Charles IV, the succession of Ferdinand VII, the dethronement and capture of the two Kings by Napoleon at the Bayonne Conference, French occupation of the whole Iberian peninsula, a popular uprising in Madrid against the French occupation army, and the proclamation of Joseph Bonaparte as the King of Spain. In short, Spain was submerged in a civil war, and, at the same time, was fighting a war of national liberation.

2 Lucas Alamán, Historia de Mexico, Vol. I, Victoriano Agueros y Camp., Mexico, 1883, p. 173-245.



America to Spain.<sup>3</sup>

The creoles took this move to declare themselves independent of Spain in order to end the domination of the peninsulares and to stop any possible uprising by the pardos (Indians and castes) they were exploiting.<sup>4</sup> They lost confidence in the Bourbon government, and doubted whether Spain had the will to protect their economic and social privileges against the pardos they were exploiting.

This move by the creoles sparked off a struggle for power between them and the peninsulares, between the ayuntamientos on the one hand and the audiencia and consulado on the other.<sup>5</sup> Viceroy José de Eurrigay<sup>(a)</sup> appealed for unity, made overtures to the creoles, appointing many of them to the civil and military offices, and allowing public discussion on the problem of sovereignty.<sup>6</sup>

3 R.A. Humphreys and John Lynch (eds), The Origins of the Latin American Revolutions 1808-1826, Alfred A. Knopf, New York, 1966, p. 4.

4 R.A. Humphreys and John Lynch (eds), The Origins of the Latin American Revolutions, op. cit., p. 24-25. The situation in Mexico was such that the peninsulares and the creoles shared the wealth of the country, but the former monopolized both commerce and high posts in the administration, the church, the army, and the judiciary. The creoles, however, held the richest haciendas and mines. The Indians and castes were the underdog of this hierarchical society. The constant encroachment of their lands by the creole and church haciendas, reduced the Indians and castes to depend on the landlords for their livelihood as both customers and wage-labourers.

5 John Lynch, The Spanish American Revolutions, 1808-1826, Weidenfeld and Nicolson, London, 1973, p. 303. Creole leadership was made up of two lawyers: Juan Francisco de Azcárate who argued that Mexico should refuse to subordinate itself to any Spanish junta; and Francisco Primo de Verdad who sought both creole power and national independence. He proposed that a national junta be elected representing the Cabildos, Cathedral chapters and Indian communities. The ayuntamientos, in most instances, became the organ of the creoles where they expressed their devoted loyalty and support for the authority of the representative of their captive sovereign. The ayuntamiento of Mexico city proposed the creation of a junta, in the imitation of the mother country, and even the convocation of the national Mexican assembly, to be composed of deputies from the different provinces. The audiencia opposed this decision as being contrary to the privileges, both of the Crown and the Peninsulares.

6 John Lynch, The Spanish American Revolutions 1808-1826, p. 303.

The peninsular dominated audiencia, and in fact all the garchupines, sensing a danger to their monopolistic position opposed such gestures. They saw the Viceroy, who tolerated discussions on independence, as a threat to their power and privileges. They therefore organised a conspiracy, centred on the audiencia and the consulado, to depose him and his creole allies in the ayuntamiento. On 15 September 1808, under the leadership of the Basque merchant, Gabriel de Yermo, the peninsulares seized the Viceroy and deported him to Spain.<sup>7</sup> They then, imprisoned creole leaders like Juan Francisco de Azcárate, Francisco Primo de Verdad and others. Some of the creole leaders were banished to the Philippines, and others sent to Spain to be tried, or confined to the Castle of San Juan d'Ulúa.

The peninsulares then imposed a hard-line administration which was repressive towards creole suspects, and partial towards themselves. They also effected fiscal and commercial measures which favoured their own interests.<sup>8</sup>

The resulting creole and popular anger led direct to a violent revolution in 1810 against the dominance and the oppression of the peninsulares. Creole conspirators, including a number of militia officers,

7 D.A. Brading, Miners and Merchants in Bourbon Mexico, 1763-1810, Cambridge University Press, Cambridge, 1971, p. 341. Peninsulares conspirators in the audiencia were led by Guillermo de Aguirre y Viana and Miguel de Bataller.

8 John Lynch, The Spanish American Revolutions 1808-1826, p. 304. The peninsulares also formed Patriotic associations for the defence of what they termed their rights, and armed themselves against the Natives. Juntas of Public Security were formed by the orders of the Audiencia. See H.G. Ward, Mexico, Henry Colburn, London, 1829, Vol. I, p. 117 and 118.



plotted to oust the peninsulares.<sup>9</sup> Popular unrest aggravated by the  
 agriculture, mining and commerce, worsened conditions in the field and the mines, added a new dimension  
 to the struggle. A dry summer in 1808 and 1809 which led to bad  
 harvests, severely reduced maize outputs, thus causing sharp price  
 increases. The campesinos suffered enormously, and so did other  
 workers; the impact was felt in the mining industry, where mules  
 could not be fed and many miners were laid off. In the Bajío,  
 the recent prosperity of mining, textile and agriculture was brought  
 to an abrupt halt. It was here that violent rebellion first exploded.<sup>11</sup>  
 The agrarian crises caused by the droughts of 1808 and 1809 and  
 the famine of 1810-1811, brought to the surface some of the contradic-  
 tions in the Mexican colonial economy. On the one hand, the colonial  
 economy under the peninsulares and the creoles was booming with plantation

9 This group of creole conspirators was made up of wealthy men, militia officers and clerics in Querétaro whose aim was to oust peninsulares from the viceregal government, and to establish a creole ruling junta. They include Father Hidalgo of the village of Dolores, Miguel Domínguez, the Corregidor of Querétaro, Abad y Quiépo, bishop elect of Michoacán, Ignacio Allende, Juan Aldama and Mariano Abasolo, sons of Spanish-Basque merchants. Their programme included the imprisonment of rich peninsulares, confiscation of their property to finance the revolution, and the overthrow of any authority that opposed them. Unfortunately their plan was discovered before they could take any action.

10 John Lynch, The Spanish American Revolutions, 1808-1826, p. 297, and D.A. Brading, Miners and Merchants in Bourbon Mexico, 1763-1810, p. 342. Between 1720 and 1810 Mexico suffered ten agricultural crises in which shortage of maize reached starvation level and prices for outstripped labourers' wages. The rural population lacked a substitute for the staple maize; it endured periodic droughts and premature frosts; and it suffered from monopoly of production by the great haciendas which were able to force up prices by carefully controlling distribution. In Guanajuato in September 1809 the price of maize rose to over 20 reales a fanega, a figure more than double the normal price. In Central Mexican Intendancy, 30 out of 41 districts gave notice of bad harvests. In some areas prices quadrupled. See Brading, Miners and Merchants in Bourbon Mexico, p. 342, contrary to the administrative policy.

11 D.A. Brading, Miners and Merchants in Bourbon Mexico, 1763-1810, p. 342. The Bajío was a relatively prosperous mining-agricultural complex, self sufficient, having a looser social structure than elsewhere, a greater portion of mobile, as distinct from community, Indians, and a high percentage of free Negroes and mulattoes. In the Bajío there was a sharp contrast between the wealth of mine owners and hacendados and the poverty of the tributary class (Indians and Castes).

agriculture, mining and commerce bursting with abundance, while on the other hand, the Indian and caste population, comprising over 70% of the total Mexican population, lived near starvation level.<sup>12</sup> No wonder the violence of the Mexican first revolution had its origins in the hunger and desperation of the campesinos.

### The Hidalgo Revolution

The 1810 violent revolution which began in the Bajío was led by Father Miguel Hidalgo y Costilla.<sup>13</sup> The revolution began as a violent social protest from below, and like the French revolution, it broke out in the middle of a storm of high prices of food. The shortage of maize reached starvation level, and prices far outstripped labourers' wages.<sup>14</sup> The wage-price crises caused unemployment, uncontrolled flights to the towns, and led to violent unrests.

Father Hidalgo found support among frustrated Indian, caste and mestizo peasantry, and the unemployed who were ready to explode violently.<sup>15</sup> On 16 September 1810, he proclaimed his revolution by

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- 12 John Lynch, The Spanish American Revolutions, 1808-1826, p. 296-300. The peninsulares and creoles held most of the land and continued to push the growing Indian population out of their lands. The hacienda monopolized land and was responsible for rural inequality and deprivation. The best lands in Chalco, Puebla, the Bajío and Toluca were owned by a relatively small group of gachupines and creoles. The expansion of the haciendas and the growth of the rural population produced a situation in which the peasantry could not feed itself independently of the great estates. The landowners therefore had the campesinos at their mercy, both as consumers and as labourers.
- 13 Father Hidalgo was a creole priest who was well known to the Church for his liberal views; in fact he had even been investigated by the Inquisition. Among his more radical activities, he encouraged his Indian parishioners to pursue economic activities such as viniculture and light manufacturers, contrary to the administrative policy.
- 14 John Lynch, The Spanish American Revolutions, 1808-1826, p. 297. In 1810 the price of maize was 56 reales a fenega while the daily wage of a labourer was only 1½ to 2 reales.
- 15 D.A. Brading, Miners and Merchants in Bourbon Mexico, 1763-1810, p. 342.



inciting the peasantry to revolt under the banner of the virgin of Guadalupe and in the name of the deposed Ferdinand VII, for a government that would treat them more equitably.<sup>16</sup>

Quite a few factors explain why revolts began in the Bajío. At the beginning of the Nineteenth Century, the Bajío was the most prosperous part of Mexico. It contained the richest silver mining community. Guanajuato; woollen clothes were produced in Queretaro and San Miguel el Grande (later renamed San Miguel Allende), Celaya and Salamanca were cotton, and Leon made leather goods. The Bajío also had the highest population density of all Mexico, and compared to many parts of the country it had many commercial centres (towns) for the surrounding farms with large populations of Indian peons. The Indians here, at least in the intendency of Guanajuato, were culturally integrated, for most of them lived as Peons on haciendas and ranches (small farms owned or leased mostly by mestizos) and as labourers in towns. In this area also, there were more creoles and less peninsulares unlike other parts of Mexico. The peninsulares here had also become assimilated for many of the Bajío Indians and creoles were in reality mestizos.<sup>17</sup>

Father Hidalgo did not offer to the peasantry any clear social reforms, and many of them therefore were attracted to the rebellion mainly as an opportunity to plunder.<sup>18</sup> He did however work for popular support for his emphasis on the seizure of gachupines and their property, his abolition of the hated Indian tribute, and his invocation of the

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16 Jay Kinsbruner, The Spanish American Independence Movement, The Dryden Press, Hinsdale, Illinois, 1973, p. 58.

17 Jan Bazant, A Concise History of Mexico, Cambridge University Press, New York, 1977, p. 10-11.

18 Jan Bazant, A Concise History of Mexico, p. 15.

indigenous virgin of Guadalupe, were all intended to attract the support of the peasantry. He retained the allegiance of his supporters by constantly enlarging the social content of his programme. He abolished the tribute paid to the Colonial government by the Indians and castes, and abolished slavery to gain the support of a disgruntled peasantry which had suffered from the oppression of the colonial system.<sup>19</sup>

Hidalgo however failed to gain the support of the Indians outside the Bajio, for the corporate and conservative Indian communities of Mexico and Puebla were less revolutionary than their free and mobile compatriots in the Bajio. The peninsulares therefore found it easy to dissuade the Indians in these two areas from joining the Hidalgo revolt.<sup>20</sup> Hidalgo's promises of a better way of life and the recovery of their lands from the peninsulares, failed to attract them to his movement.

Father Hidalgo did however manage to win the support of the lower clergy who for years had been frustrated by the peninsulares who held all the key positions in the church and enjoyed all the privileges. These Lower clergies joined the revolution as 'officers' for the peasantry army of liberation and guerilla bands, in the hope that an independent Mexico would better their positions in the church.<sup>21</sup>

Large numbers of Indians left the fields, joined Hidalgo's armies, and satisfied a rage that had been building over the centuries. Not only were the peninsulares killed, but the damage to property was

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19 Hugh M. Hamill, Jr., The Hidalgo Revolution. Prelude to Mexican Independence, Gainesville, 1966, p. 109-11.

20 John Lynch, The Spanish American Revolutions, p. 311.

21 John Lynch, The Spanish American Revolutions, 1808-1826, p. 311.

profound - haciendas were destroyed and the mines without Indians to work them filled with water.<sup>22</sup> The undisciplined crowds that joined the revolution sacked not only peninsulares' property, but also that of the creoles. The bitterness and savageness that Hidalgo had loosed upon the Mexican countryside scared off many of the wealthy creoles who had lent their support to the revolution.<sup>23</sup> The destruction of their property and racial massacres by the Indians forced them to rally behind the colonial government against the revolution.<sup>24</sup> The creoles also feared that a social revolution envisaged by Hidalgo would be a threat to their socio-economic privileges, and would see an end to their exploitation of the peasantry and those at the bottom of the social stratum.

The withdrawal of creole support forced father Hidalgo to commit himself exclusively to the Indians and caste population, and to take the revolution to further extremes. Prisoners were therefore executed without trial, and property destroyed indiscriminately.<sup>25</sup>

Lack of the Indian support outside the Bajio, the withdrawal of creole support, and the weakening of the revolutionary forces caused by some of the revolutionary ranks' criticism of Hidalgo's violent

22 Jay Kinsbruner, The Spanish American Independence Movement, The Dryden Press, Hisdale, Illinois, 1973, p. 58-59.

23 Francisco Mariano Sora, Mexican Curate, and José Bernardo Gutiérrez, Mexican Lieutenant Colonel, to James Monroe, Secretary of State of the United States, Louisiana, September 27, 1811. Document No. 864, William R. Manning (ed), Diplomatic Correspondence of the United States concerning the Independence of Latin American Nations, Vol. III, O.U.P., New York, 1965, p. 1593.

24 Jan Bazant, A Concise History of Mexico, p. 15. In Guanajuato alone at least three hundred peninsulares - merchants, miners and officials were killed. See D.A. Brading, Miners and Merchants in Bourbon Mexico, p. 343-344.

25 D.A. Brading, Miners and Merchants in Bourbon Mexico, p. 343.



methods, led to the defeat of this movement. Father Hidalgo was captured in March 1811 and executed four months later.<sup>26</sup>

### The Morelos Revolution

After the pacification of the Bajío by the royalists, the revolution spread to other parts of the country. José María Morelos, a man of great military and administrative ability, took over the leadership until November 1815 when he was captured.<sup>27</sup> Morelos preferred an effective and swift moving fighting force of two to three hundred trained men to be used in guerrilla tactics. He used the Indians only in a supporting role.<sup>28</sup>

He justified his revolution on the grounds that the Spaniards were the enemies of mankind who for centuries enslaved and exploited Mexicans; they stifled Mexico's national development; and squandered its wealth and resources. Morelos emphasized social and racial equality, complete independence from Spain and the perpetuation of the Catholic Church. He decreed the abolition of Indian tribute and labour, and proposed social equality through the abolition of race and caste distinction. To gain the support of the Indians and castes, he appealed for land to be owned by those who worked on it (i.e. the peons).<sup>29</sup> He was therefore able to attract Indians, mulattoes and mestizos to the revolution. To the creoles, he offered

26 Jay Kinsbruner, The Spanish American Independence, p. 59.

27 Jan Bazant, A Concise History of Mexico, p. 22. Morelos came from the town of Valladolid (later renamed Morelia) and was the son of a poor, honest family. His father was a carpenter and his mother a daughter of a school teacher.

28 John Lynch, The Spanish American Revolutions, p. 313.

29 Fredrick Turner, The Dynamic of Mexico's Nationalism, University of North Carolina Press, Chapel Hill, 1968, p. 31.

them absolute independence, respect for their property, representative and republican institutions, separation of powers and a strong executive, with offices reserved for Mexicans, and finally support for the Catholic religion.<sup>30</sup>

Morelos movement also attracted intellectuals. In September 1813 a congress was convened in Chilpancingo, a town on the road to Acapulco. This congress was to draw up a constitution for Mexico, which was to be followed with the declaration of independence in November of that year. His programme known as "sentiments of the Nation" declared that Mexico should be free and independent of Spain and any other nation, government, or monarchy; the Catholic religion should be the only religion, without the toleration of any other; slavery, tribute, and all ethnic distinctions were to be abolished and all Mexicans - called "Americans" - would be equal.<sup>31</sup> Their property should be respected and laws should regulate poverty and destitution and increase the wages of the poor; and finally, the property of peninsulares ("Europeans"), once confiscated should be carefully administered with the view of financing the war of liberation.<sup>32</sup>

The Morelos movement was however short lived, and on 22 December 1815 he was arrested and executed. He failed because the creoles

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30 José María Morelos, "sentimientos de la Nacion - Memorandum de Morelos al Congreso de Chilpancingo. 14 de Sept. de 1813," in Rogelio Orozco Farias, (ed), Fuentes Historicas de la Independencia de Mexico, 1808-1821, Mexico, 1967, p. 267-9.

31 José María Morelos, "Sentimientos de la Nacion - Memorandum de Morelos al Congreso de Chilpancingo. 14 de Sept. de 1813", in Rogelio Orozco Farias, (ed), Fuentes Historicas de la Independencia de Mexico, 1808-1821, México, 1967, p. 267-9.

32 Ibid.

refused to support him because his revolution advocated social changes which the former were determined to retain in an independent Mexico. The restoration of Ferdinand VII in Spain also strengthened the royalist government in Mexico. Conservative forces rallied behind the monarchy in an effort to protect their privileges and the existing socio-economic order. Strengthened royalist forces forced Morelos to go underground, and his demotion by the revolutionary congress prevented him from carrying further social objectives and producing a plan of agrarian reforms.<sup>33</sup>

The defeat of Morelos in 1815 checked the movement towards independence until 1821 when a conservative revolution succeeded in declaring Mexico independent and breaking all ties with Spain. Between 1815 and 1821 patriotic guerrilla forces continued to operate in isolated regions having little impact on the colonial government.<sup>34</sup>

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- 33 John Lynch, The Spanish American Revolutions 1808-1826, p. 315. Creoles did not support Morelos for fear that the social changes he advocated would lead to land reforms, and thus the breaking down of the haciendas upon which their wealth and social status depended. The Congress of Chilpancingo, a small body hand-picked by Morelos, was also not keen on social reforms. This Congress also opposed Morelos orders (after 1812) of killing all military prisoners and of devastating collaborators' villages and haciendas.
- 34 Jay Kinsbruner, The Spanish American Independence Movement, p. 59. These guerrillas were led by Vicente Guerrero in the South, Félix Fernández (later General Victoria) in the Veracruz region, Nicolás Bravo and Ignacio Rayón in Michiacán, and Guzmán, Montes de Oca and Pedro Ascencio in Southern Mexico, etc.



### The Conservative Revolution of 1821

On 1 January 1820 a group of officers in Spain proclaimed the liberal constitution which had been approved by the Cortes in 1812, but annulled by Ferdinand VII on his return to Spain in May 1814. They forced Ferdinand to accept the constitution, and after the middle of the year Spain began to witness a series of anti-clerical measures which included the suppression of religious orders like the society of Jesus. Surviving orders were not allowed to have more than one monastery in a district and no new monasteries or nunneries were allowed to be established. Other measures were decreed affecting the personal immunities of the clergy and the right of the church to acquire property.<sup>35</sup> The church was faced with a frontal attack on its privileges and possessions, more serious than any liberalization attempted by previous governments.<sup>36</sup>

The creoles and the clergy in Mexico feared that these liberal reforms would be extended to the colonies, and thus undermine their privileges and position. They therefore supported the move towards independence promoted by the Bishop of Puebla, Antonio Pérez; and the rector of the University of Mexico and Canon of the Metropolitan Cathedral, Matias Montagudo. They believed that the church might save

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35 N.M. Farriss, Crown and Clergy in Colonial Mexico 1750-1821, The Crisis of Ecclesiastical Privilege, Historical Studies, Vol. XXI, London University Press, London, 1968, p. 248-249.

36 Jan Bazant, A Concise History of Mexico, p. 24.

itself by establishing an independent Mexico.<sup>37</sup>

They found a leader in a young creole, Agustín de Iturbide who had been sent to the south of Mexico to quell revolutionary guerrilla leaders Vicente Guerrero, Félix Fernández (General Guadalupe Victoria) and others.<sup>38</sup> He made terms with these revolutionary leaders and called on all men living in Mexico to join in a common effort towards the goal of independence. He offered peninsulares guarantees that they would live unmolested and that their property would be respected. By uniting the nation, neutralizing the Spanish forces and isolating the handful of royalist officials, Iturbide proposed to carry out a bloodless transfer of power.<sup>39</sup>

The viceregal power slowly disintegrated and the Viceroy, the Count of Venadito, was forced to resign on 5 July 1821. Thus Iturbide succeeded where Hidalgo and Morelos had failed in enlisting the support of the royalist army, the church and the creoles. His plan of

37 Jan Bazant, A Concise History of Mexico, p. 25. The 1821 revolution was in fact organised by a colonial army largely raised to suppress the insurgency and supported by a conservative church desirous of freeing itself from the control of a civil authority which had become too liberal. See D.A. Brading, Miners and Merchants of Bourbon Mexico, p. 346, and Nettie Lee Benson, Mexico and the Spanish Cortes, 1810-1822, Austin, 1966, p. 125-131.

38 R.A. Humphreys, The Evolution of Modern Latin America, The Clarendon Press, London, 1946, p. 43. Iturbide was the son of a wealthy basque merchant and a creole mother. In 1821 he was appointed as a military commander of Southern Mexico in the royalist army.

39 Jan Bazant, A Concise History of Mexico, p. 26-27.

Iguala published on 24 February 1821, represented the interests of these groups, and he was thus able to win their support. Independence was declared for a Catholic, united nation in which everyone was to be, in theory, equal. This Plan of Iguala promised all races access to all positions according to their merits and virtues, but as events were to prove later, it mainly promoted creole interests.<sup>40</sup>

Weaknesses in the Spanish forces stationed in Mexico enabled the creoles to consolidate their struggle and to declare Mexico independent of Spain. This weakness was due to lack of reinforcements, low morale among the soldiers and desertion of troops to the side of the patriots.<sup>41</sup> Many of the Spanish troops suffered from scurvy and malnutrition, and lacked fresh supplies, clothes and enough ammunition.<sup>42</sup> The Mexicans were thus able to drive the Spanish forces out of Mexico with the exception of the fort of San Juan de Ulua on the Island of Sacrificio.

40 Karl M. Shmitt, "The Clergy and the Independence of New Spain," Hispanic American Historical Review (H.A.H.R.), Vol. 34, 1954, p. 289-312; and "Plan de Iguala, 24 February 1821", in Lucas Alamán, Historia de Mexico, Vol. V, Victoriano Agueros y Camp., Mexico, 1883, p. 740.

41 Margaret L. Woodward, "The Spanish forces and the loss of America 1810-1824," H.A.H.R. Vol. 48, 1968, p. 592-607. Many Creole and Spanish soldiers deserted the royalist forces because they believed that the empire was not worth risking their lives. Many of the Creoles had been virtually kidnapped and forced to fight. Many of the Spanish soldiers were brought to Mexico with offers of promotion and property as inducements to join the army. Many of the Conservative Officers were also responsible for this poor morale, for many after the overthrow of Ferdinand VII by the liberals, obscured and undermined the efforts to reconquer Mexico.

42 Margaret L. Woodward, "The Spanish forces and the loss of America 1810-1824," H.A.H.R., Vol. 48, 1968, p. 594.



A junta of 38 men, drawn exclusively from the aristocracy of the church and state, was formed, and on 28 September 1821 it signed the declaration of Independence. A year later General Iturbide emerged as a military dictator and as the first emperor of Independent Mexico.<sup>43</sup>

As events have shown, the creoles had opposed the movement towards independence until 1821. Then why did they support such a move in 1821? Historians such as Stanley J. Stein and Barbara Stein explain this change of creole attitude by arguing that the creoles wanted to maintain their allegiance to embattled Spain. All they wanted was freedom to trade with other foreign nations. All they wanted was a share of the economic monopoly that the Spaniards enjoyed, and that jobs in the high rank in the government and church to be also opened to all the people.<sup>44</sup>

Spain on the other hand was not only determined to continue this trade monopoly, but was ready to enforce it.<sup>45</sup> Spain's refusal to end this monopoly gave the creole no other option but to break away from Spain by declaring Mexico independent.

In support of this line of argument, R.A. Humphreys asserts that "Spaniards still clung to the principles of imperial monopoly and colonial subordination", which the creoles refused to accept. Force

43 Lucas Alamán, Historia de Mexico, Vol. IV, p. 725.

44 Stanley J. Stein and Barbara Stein, The Colonial Heritage of Latin America, O.U.P. New York, 1970, p. 7.

45 Stanley J. Stein and Barbara Stein, The Colonial Heritage of Latin America, p. 7. After 1820 Spanish forces in Latin America had little effective power due to low morale among soldiers, lack of supplies and ammunition, and because many of the soldiers were deserting their forces believing that it was not worth dying for the Empire.

was therefore left to decide the issue.<sup>46</sup>

Professor Whitaker on the other hand argues that the Spanish authority collapsed because of external pressures. He sees the fall of the Spanish rule no more than a corollary of the commercial expansion of Europe, and in particular Britain.<sup>47</sup> Spain, outstripped in financial and technical resources, in facilities and skills by Britain and France, found it difficult to impose effectively its monopoly. The result was the flooding of the colonies with cheap British and other foreign goods.

Spanish monopoly of trade seriously affected Mexico as a result of increasing inefficiency of legitimate source of supply of manufactured goods. Prices of imports rose to fantastic heights of up to 200 or even 300 per cent.<sup>48</sup> The need for manufactured goods which Spain could not supply, and the European want of Mexican colonial products which Spain monopolized, led to enormous contraband, and the eventual weakening of the colonial system.<sup>49</sup>

Apart from these causes, the liberal Revolution that took place in Spain in 1820 threatened the interests of the creoles and the clergy,

46 R.A. Humphreys, "The fall of the Spanish American Empire", in Lewis Hanks (ed), A History of Latin American Civilization, Vol. I, Methuen & Co.Ltd., London, 1969, p. 495.

47 R.A. Humphreys, "The Fall of the Spanish American Empire", Op.Cit., p. 491.

48 Lillian E. Fisher, The Background of the Revolution for the Mexican Independence, The Christopher Publishing House, Boston, 1934, p. 88.

49 M.J. Fenn, British Investment in South America and the Financial Crisis of 1825-1826, M.A. Thesis, Durham University, 1969, p. 3-5; and Vera Lee Brown, "Anglo-Spanish Relations in America in the Closing Years of the Colonial Era," H.A.H.R., 1922, Vol. 5, p. 329-479.

and thus forced them to lend their support for independence. Charles A. Hale points out that the 1821 revolution was "a conservative movement directed against the anti-clerical and the democratic principles of the Spanish Cortes, and the Constitution of 1812, both of which had reactivated in 1820."<sup>50</sup>

#### THE NEED FOR FOREIGN RECOGNITION OF MEXICO'S INDEPENDENCE

Mexico believed that she could not but gain by having her independence recognised by Britain and the United States, two leading world powers.<sup>51</sup> Mexican leaders believed that if they secured the recognition of their independence by Britain, which was the leading commercial and naval power, the latter would protect them from any possible European aggression. Hence Mexico looked anxiously to Britain in quest of an alliance with "one of the great maritime powers of Europe."<sup>52</sup>

#### British interests in Mexico

The Wars of Independence in Spanish America had enormous repercussions for Britain, for they altered British commercial policy. British navigation laws were modified in 1822, and thus British ports were opened to the ships of Latin American nations. The declaration of Mexico's independence in 1821 which favoured

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50 Charles A. Hale, Mexican Liberalism in the Age of Mora 1821-1853, Yale University Press, New Haven, 1968, p. 21.

51 C.H. Gardiner, "The Role of Guadalupe Victoria in Mexican Foreign Relations," Revista de Historia de America, Vol. 26, December 1948, p. 358.

52 Foreign Office (F.O.) 50/4 Lionel Hervey to George Canning, January 18, 1824



foreign commercial industrial and financial enterprises, opened great opportunities to help British commercial community.<sup>53</sup>

British merchants were quick to discern economic possibilities in Mexico. Believing that there were enormous profits to be made, they did not wait for their government to extend political recognition to that country, before they began to invest in Mexico.<sup>54</sup>

The British government saw Mexico as an important area in her struggle for world economic influence. Britain was desperate for new markets for the United States and Europe, her old customers, had erected high tariffs to protect their industries from cheap and high quality British goods. Britain was therefore forced to reduce production with this reduction of exports. This resulted in unemployment and the reduction of wages especially in the textile industry.<sup>55</sup> If this economic trend in Britain was to be reversed, she had to look for other foreign markets in far places like Australia, South Africa, and Mexico etc.

The independence of Mexico therefore opened up an entirely new market for Britain. Mexico was prepared to import British cotton, woollen and silk manufactures, hardware, cutlery, iron and steel, machinery, brass and copper products, etc.<sup>56</sup> Britain also regarded Mexico as the greatest, real and potential, source of raw materials

53 Allen True, "British Loans to the Mexican Government, 1822-1832", The South-Western Social Science Quarterly, 1936-1937, Vol. 17, p. 353.

54 C. Allen True, "British Loans to the Mexican Government, 1822-1832", Op.Cit. p. 353.

55 M.J. Fenn, British Investments in South America and the financial crisis of 1825-1826, M.A. Thesis, Durham University, 1969, p. 111.

56 "Statement by General Wavell, Envoy from Mexico to Great Britain", Enclosure II in Sir W. Adams letter to Field Marshal, the Duke of Wellington, 13th August 1823, in Dispatches, Correspondence, etc. of Field Marshal Arthur Duke of Wellington, Vol. II, 1823-25, John Murray, London, p. 123.

consumer market, and above all, supplier of silver bullion and specie.<sup>57</sup>

The British also saw Mexico as a sphere of investment. Large sums of money had accumulated in Britain during the Napoleonic Wars due to the rapid growth of the National Debt. This resulted in the interest payments on the National Debt accounting for over half of the calls on the national Exchequer.<sup>58</sup> At the same time, the mechanism for investments in Britain was poorly developed. Investors were therefore forced to invest abroad where they believed fortunes could be easily made. In the early 1820's many investors were disappointed with these foreign investments for they proved a failure with only speculators gaining the most out of selling shares.<sup>59</sup> Huge British capitals were invested in Mexico and fortunes lost as we shall later see in Chapters 7 and 8. The need to protect this new area of investment led Britain to oppose European intervention against Mexico to restore Spanish authority. Britain also feared that the spread of French influence, which advocated this European intervention, and that of the United States, would be detrimental to her commercial interests in Mexico. Britain feared that these two nations aimed at

57 F.O. 50/2. General Wavell to George Canning, Private, 23 August 1823.

58 M.J. Fenn, British Investments in South America and the Financial Crisis of 1825-1826, p. iv.

59 J.F. Rippey, British Investments in Latin America, 1822-1949 - University of Minnesota Press, Minneapolis, 1959, p. 17-18, and M.J. Fenn, British Investment in South America and the Financial Crisis of 1825-1826, M.A. Thesis, Durham University, 1969, p. 82.



excluding her from the commerce and wealth of Mexico.<sup>60</sup>

British offer of mediation between Spain and Mexico

In an effort to save the wealth of Mexico from being destroyed by the Wars of Independence, Britain as early as 1810 offered to mediate between Spain and her colony. The British foreign secretary, Viscount Castlereagh, offered to mediate in the hope that the commerce of Mexico could be opened to all the nations, and that the resources of this colony could be used to finance the war against Napoleon.<sup>61</sup>

Spanish merchants in Cadiz, Galicia and Balbao opposed any British offers of mediation for they feared that it would challenge their economic monopoly of Spanish American commerce. Mediation also failed as a result of British refusal to help Spain recover her colonies by the use of force. Britain also refused to accept Spanish demand that she should stop trading with the 'rebels'.<sup>62</sup>

Spain also refused to include Mexico in any mediation talks insisting that she was in firm control of things in that colony.<sup>63</sup>

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60 Richard Rush, the United States Minister in Britain, to John Q. Adams, Secretary of State, London, August 19, 1820, in W.R. Manning, ed. Diplomatic Correspondence of the United States concerning the Independence of Latin American Nations, Vol. III, p. 1475.

61 W.F. Cody, British Interests in the Independence of Mexico, Ph.D. Thesis University of London, 1954, p. 98

62 John Rydford, "British Mediation between Spain and her Colonies, 1811-1813", H.A.H.R., Vol. 21, 1941, p. 34. Spanish merchants feared that Britain's true interest was to destroy their monopoly of the Spanish American commerce. They therefore feared that any mediation conducted by Britain on behalf of Spain, would lead to the Spanish government granting her trade concessions. This the Spanish merchants were not prepared to see.

63 F.O. 72/127 Viscount Castlereagh to Sir Henry Wellesley, No. 13, April, 1812.

Britain insisted on the inclusion of Mexico in any mediation talks arguing that mediation in this colony stood a better chance of success, and that if the talks were successful, the resources of the latter could be used in the war against Napoleon.<sup>64</sup>

Britain also wanted Spain to modify her colonial system<sup>64</sup> so that the colonies could be considered, in the point of commercial rights, an integral part of the Spanish monarchy. Britain tried unsuccessfully to assure Spain that she was not intending to monopolise Mexico's commerce, and that all she sought was to be treated on the basis of a 'favoured nation'.<sup>65</sup>

Spain feared to accept this British offer of mediation for fear that Britain was only interested in replacing her in Mexico and monopolise the wealth of that country. Spain was jealous of her resources in Mexico against any foreign encroachment, for this colony provided her with over two-thirds of her imperial revenues.<sup>66</sup> Mexico also had the richest silver veins in the world, and produced 67% of all the silver of America. Furthermore the refusal of Sir Henry Wellesley, to continue with the mediation talks as a result of Spanish refusal to include Mexico in these negotiations, rose the suspicions of Spain as to the real intentions of Britain in finding a peaceful solution in Spanish America. Spain was therefore determined

64 F.O. 72/127 Viscount Castlereagh to Sir Henry Wellesley, No. 13, April 1, 1812.

65 F.O. 50/127 Viscount Castlereagh to Sir Henry Wellesley, No. 13, April 1, 1812.

66 John Lynch, The Spanish American Revolutions 1808-1826, p. 295. By 1804 silver production in Mexico had risen to a peak of 27 million pesos a year. This accounted for 67% of all silver produced in America. Guanajuato was also the leading silver producer in the world, and its annual output of over 5 million pesos amounted to 1/6 of all American bullion.

not to give in to British demands as a precondition to mediation.<sup>67</sup>

In a compromise more, Viscount Castlereagh modified British conditions for mediation by requesting Spain to send a commission to Mexico with a British official as an observer and who was only to offer his advice. The necessity of conciliation was so urgent that Castlereagh requested to send the commission immediately to Mexico to offer amnesty and protection. In this way Castlereagh hoped that the resources of Mexico would be secured and its wealth saved from destruction, and Spanish pride satisfied.<sup>68</sup>

In 1812 Britain pointed out to Spain the threat posed by French designs on Mexico, and even went as far as threatening Spain that if she did not accept her offer of mediation, she would be forced to acknowledge the independence of Mexico in order to safeguard her commercial interest.<sup>69</sup>

Between 1816 and 1822 Spain offered to accept British mediation when it became clear to her that she was losing her authority in the colonies. Spain however was not interested in peaceful solutions, and wanted to be helped militarily to secure her authority. Britain refused to oblige and made it clear that she would not allow other nations to do so. Britain opposed proposals by France that European powers should help Spain militarily. She also opposed Russian

67 John Rydford, "British Mediation between Spain and Her Colonies: 1811-1813", Hispanic American Historical Review, February 1941, Vol. 21, p. 46.

68 F.O. 72/128 Viscount Castlereagh to Sir Henry Wellesley, No. 16, August 29, 1812.

69 Castlereagh to Fernán-Núñez, September 2, 1812, in H.A.H.R. Vol. 21, 1941, p. 48.



proposals (of 1818) to impose a commercial boycott on the colonies in order to bring them to submission.<sup>70</sup>

Britain opposed European intervention in Spanish America because she regarded the doctrine of intervention as being contrary to the principle of the 1815 treaty of Vienna. This was because it involved interference in the internal affairs of Spain, an independent nation.<sup>71</sup> Most of all Britain feared that such an intervention would bring Mexico under the influence of France, thus leading to the resources and wealth of this colony being dominated by the French. Britain also feared that any European intervention would force Mexico to seek the protection of the United States and thus bring her wealth under the fold of the latter.<sup>72</sup>

The consolidation of Mexico's independence led the Holy Alliance to press Spain after 1822 to accept British mediations on the 1812 terms. Britain was however not interested in mediation to restore Spanish authority. She was convinced that Spain could never recover her colonies, and that the last hope of a successful mediation to restore Spanish authority was over.<sup>73</sup> She was only prepared to mediate

70 William S. Robertson, "Russia and the Emancipation of Spanish America," 1816-1826, H.A.H.R., Vol. 21, May 1941, p. 196-221. Russian diplomats occasionally urged upon Spain the need of modifying her colonial policy by granting a charter of privileges which would concede certain social and political reforms to the Spanish Americans. However, at times certain Russian statesmen favoured intervention by force of arms to restore the rule of Ferdinand VII. In fact the Russian Government refrained from recognising those states until after the death of Ferdinand VII when Spain herself reluctantly adopted a policy of recognition.

71 Sir Charles Petrie, George Canning, Ayre and Spottiswoode, publishers, London, 1946, p. 187.

72 D.C.H. Platt, "British Diplomacy in Latin America since Emancipation", Inter-American Economic Affairs, Vol. 21, 1967, p. 23.

73 Charles Webster (ed), Britain and the Independence of Latin America, Vol. I, O.U.P., London, 1933, p. 15.

on condition that Spain recognizes the independence of Mexico in exchange for commercial concessions. Spain however declined this offer, and looked to her allies for an armed solution.<sup>74</sup>

In 1822 the United States called Britain to a joint recognition of the independence of the Spanish American states and offer them protection. Britain was however not ready for recognition, and she was therefore only interested in opposing European intervention against the states. Her interest was only to break the Spanish monopoly on the commerce of these states. After failing to secure British cooperation, the United States went ahead and in March 1823 unilaterally recognised these new states.<sup>75</sup>

Though Britain assured the United States that she believed that Spain could never recover her authority, that her recognition of these states was a matter of "time and circumstances", and that she was opposed to any European intervention, the latter failed to believe that the former was interested in defending the independence of these countries. The United States was convinced that Britain was only interested in the European balance of power, and therefore determined to see that French influence did not spread to Spanish America. The United States was therefore convinced that Britain

74 John Tate Lanning, "Great Britain and Spanish Recognition of Hispanic America," H.A.H.R., Vol. 21, No. 10, 1930, p. 455.

75 M.J. Fenn, British Investment in South America and the Financial Crisis of 1824-25, M.A. Thesis, Durham University, 1969, p. 252, and James W. Gantenbein, (ed), The Evolution of Our Latin American Policy. A Documentary Record, Columbia University Press, New York, 1950, p. 14-15. British and American views on mediation differed widely for the United States disapproved "of any interposition of third parties, upon any basis other than of total emancipation of the (Spanish) colonies." It further held that the contest should only terminate in the total independence of those states. See James W. Gantenbein, (ed), The Evolution of our Latin American Policy, p. 14-15.

only wanted her cooperation in an effort to stop the European balance of power tilting in favour of France.<sup>76</sup>

After failing to secure a firm British promise of recognition, President Monroe of the United States issues the famous Monroe Doctrine in December 1823 warning European nations to keep off the affairs of the Americas. He also declared that from henceforth there would be no further colonization in the New World by European powers.<sup>77</sup>

The struggle for Mexico's independence was self generated, and she received no external help from the South American liberators. It began as a violent social revolution with its origins in the hunger and desperation of the Indian masses. It was successful only after 1820 when the liberal revolution in Spain forced the creoles and the clergy to support the move towards independence as a means of safeguarding their privileges and the social order of things. The revolution therefore lost its social contents and came to preserve conservative values.<sup>78</sup>

- 76 M.J. Fenn, British Investment in South America and the Financial Crisis of 1825-1826, M.A.Thesis, Durham University, 1969, p. 261-262, and George Canning to Richard Rush, F.O., August 20, 1823, in W.R. Manning (ed) Diplomatic Correspondence of the United States concerning the independence of the Latin American Nations, Vol. III, p. 1465.
- 77 Annual Message from President Monroe to the United States Congress, Containing the "Monroe Doctrine", December 2, 1823, in James W. Gantenbein, (ed), The Evolution of our Latin American Policy, p.322-323.
78. D.A. Brading, Miners and Merchants in Bourbon Mexico, 1763-1810, p. 346-347. The creoles simply wished to be masters in their own house, to govern Mexico free from all foreign interference. They also wished to terminate that system whereby peninsulares, generation by generation, came to Mexico not merely to rule the colony, but also to dominate the commanding heights of its economy and society.



Viscount Castlereagh's policy towards Mexico was mainly designed to avert two great dangers to British commercial interest: (a) it was necessary to prevent European intervention in Mexico and restore Spanish rule. Spain was determined to continue its monopoly on Spanish American commerce<sup>in</sup> which the British were determined to gain a share; and (b) Britain did not want the United States to extend her commercial and political influence into this region by recognising the independence of these states.<sup>79</sup>

Before 1822 it was important for Castlereagh that the Spanish Empire should remain intact if the European balance of power was to be maintained. He therefore advocated reforms that would give these colonies more power to run their local affairs and to be allowed to trade freely with other nations. Castlereagh felt that once these reforms were implemented the colonies would prefer to remain under Spanish rule.<sup>80</sup>

Spanish refusal to introduce these reforms and her insistence on being helped militarily forced the British government to change her policy<sup>which hitherto was</sup> in favour of the restoration of Spanish rule. By 1822 it had become clear to Castlereagh that Spain could never recover her colonies. Britain was however not prepared to recognise these states because of the republican institutions they had adopted. It therefore took a middle course by extending commercial recognition to these states by altering British navigation laws. Before his death in 1822 Castlereagh had also decided to send commercial agents to these states to safeguard British commercial interests.<sup>81</sup>

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79 Charles K. Webster, "Castlereagh and the Spanish Colonies, Part II - 1818-1822", English Historical Review, Vol. 30, 1915, p. 631.

80 F.O. 72/127 Viscount Castlereagh to Henry Wellesley, No. 13, April 1, 1812.

81 Charles K. Webster, "Castlereagh and the Spanish Colonies, Part II, 1818-1822", English Historical Review, Vol. 30, 1915, p. 643 and 645.

## CHAPTER II THE ESTABLISHMENT OF COMMERCIAL CONSULATES

Britain at this time was not prepared to recognise the independence of Mexico except in concert with her European Allies. She was afraid of taking an independent action for fear of jeopardizing her relations with Spain, and being isolated from her European Allies.<sup>1</sup> While Britain could not justify to herself the political measure of formally recognising Mexico, it was her intention to maintain trade links with the latter. Britain however made it clear to her allies that she was not prepared to postpone for a long period her decision to recognise Mexico. She further warned that she would recognise that country as soon as certain formalities were finalized. She also warned Spain that she would take action to protect her commercial interests in Mexico, which necessitated the recognition of the latter's independence.<sup>2</sup>

In Britain itself, the commercial community pressured the British government to extend political recognition to Mexico and other Latin American states. On April 23, 1822 the merchants, shipowners, manufacturers and traders of London met for the purpose of finding ways of opening a beneficial commercial intercourse with Spanish America. They presented a memorial to the Privy Council requesting for the British ports to be opened up to these new states in the same manner as the ships of the United States and Brazil.<sup>3</sup>

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1 Richard Rush, United States Minister to Great Britain, to John Quincy Adams, Secretary of State of the United States, London, July 24, 1822, in William R. Manning, (ed), Diplomatic Correspondence of the United States concerning the Independence of Latin American Nations, Vol. III, O.U.P., Doc.No. 783, p. 1468-1472.

2 Richard Rush to John Quincy Adams, London, July 26, 1822, In William R. Manning, (ed), Op.Cit., Doc.No. 784, p. 1472.

3 Richard Rush to John Quincy Adams, London, June 10, 1822, in William R. Manning, (ed), Op.Cit., Doc.No. 781, p. 1466.

The Privy Council refused to admit ships from these states on the same basis as the ships of the above two nations as this "could only be the effect of compact".<sup>4</sup> Britain was not prepared to sign such a treaty with Mexico as this would be viewed both in Britain and abroad as being tantamount to political recognition of the latter's independence. Britain was only prepared to recognise Mexico as "de facto" independent.<sup>5</sup>

British commercial interests continued to suffer in Mexico as long as she continued to delay her official recognition of the latter's independence. Insurance upon ships to Mexico and other Latin American states could only be effected by insurance companies at great cost.<sup>6</sup> This was mainly on the account of risk of capture from pirates, and Spanish ships of war and privateers. British ships trading with these new nations were condemned by the Spanish government for illegally trading with these 'rebels'. The Spanish government refused to listen to any cries of redress by British merchants.

Britain was therefore forced to either: (a) prohibit all trade with the Spanish mainland, or (b) to legalise this trade by a public recognition of the independence of the new nations. She chose the latter, for she was convinced that only the new states could provide the security needed to protect British trade for Spanish authority in the region had almost declined.

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4 Richard Rush to John Quincy Adams, London, May 6, 1822, in William R. Manning, (ed), Op.Cit., Doc.No. 780, p. 1465-1466.

5 F.O. 72/258 George Canning to Sir William A Court, No. 35, December 9, 1822.

6 Richard Rush to John Quincy Adams, London, July 24, 1822, in William R. Manning, (ed), Op.Cit., Doc. No. 783, p. 1468-1472.

7 F.O. 72/258 George Canning to Sir William A Court, No. 9, October 18, 1822.



The delay in the recognition of Mexico's independence by Britain was mainly caused by the lack of enough information on the actual situation in this country. George Canning, the British foreign secretary, had to rely on reports received from British subjects at Vera Cruz and Havana, visiting Naval Officers, and merchants at Havana.<sup>8</sup> It was important for Britain that before she recognizes Mexico to establish the fact that the latter was truly independent, and that she was prepared to establish friendly and commercial relations with the British government. British interest in Mexico was purely commercial, and it was therefore important to know whether Mexico would secure British property, offer both civil and religious freedom to her subjects, extend to her commercial privileges, and abolish the slave trade.<sup>9</sup>

#### Dr. Patrick Mackie's Secret Mission to Mexico

Lack of proper and enough information on the political affairs of Mexico, made George Canning accept Dr. Patrick Mackie's offer of going to Mexico at his own expense to collect the necessary information

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8 See F.O. 50/2. Naval officers such as Captain Andrew King of H.M.S. Active, Captain John Lawrence, Captain J.W. Roberts of H.M.S. Tyne, Captain Fisher of H.M.S. Ranger, and Captain Harbert of H.M.S. Samar, sent to the Admiralty information concerning events in Mexico. British merchants like John Hall who resided at Vera Cruz and General Wavell, the agent of British merchants trading with Mexico, provided Canning with useful information concerning the political situation in Mexico. They warned against the designs of the United States which they feared aimed at excluding Britain from the wealth of Mexico.

9 H.W.V. Temperley, The Foreign Policy of George Canning, G. Bell and Sons, London, 1925, p. 159.

required by the British Foreign Secretary.<sup>10</sup> George Canning was anxious to obtain information that would enable him determine whether the time was ripe for British recognition of Mexico's independence. Canning, however, was not prepared to make British intentions public, and he therefore kept Dr. MacKie's mission secret.<sup>11</sup>

He feared that if British allies and the United States came to know about this mission, they would regard the move as constituting recognition. Britain was not yet ready to recognise Mexico without acting in concert with her allies. She further wanted Spain to have 'the grace and advantage' of leading the European Allies in this move. Britain felt that she owed much to Spain, especially towards the defeat of Napoleon, for her to recognise Mexico against the wishes of her ally.<sup>12</sup>

Dr. MacKie was therefore not charged with any political mission or invested with any political character whatsoever.<sup>13</sup> He was only instructed to confer with the government of General Iturbide, and find out:

- 1) the probable stability of the existing order of things in Mexico;

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10 F.O. 50/1 George Canning to Dr. Patrick MacKie, Secret, December 21, 1822. Dr. Patrick MacKie was a scrupulous businessman who had resided in Mexico for a long period. He claimed that he had a great deal of influence with General Iturbide, the principle officers of the Mexican governments, and with the Mexican Congress. He warned Canning that the American Envoy in Mexico, James Smith Wilcocks, would do anything in his power to obtain for his country every possible commercial advantage, the East India trade with Mexico, as well as furnish that country with military equipment and armed ships, etc.

11 F.O. 50/1 George Canning to Dr. Patrick MacKie: Secret, December 21, 1822.

12 Charles K. Webster, "British, French and American Influences", in Helen Delpar, (ed), The Borzoi Reader in Latin American History, Vol. I, Alfred A. Knopf, New York, 1972, p. 187.

13 F.O. 50/1 George Canning to Dr. Patrick MacKie, Secret, December 21, 1822.

- 2) Mexico's disposition towards friendly relations and commercial intercourse with Britain;
- 3) whether Mexicans were not only determined to throw off all dependence upon Spain, but also to break off all connections with her, or whether they would be disposed to establish a connection favourable to the interests of Spain on the basis of their own independence;
- 4) whether they would be disposed to ask the intervention of Great Britain for the establishment of such a connection with Spain;
- 5) and lastly, whether they would be disposed to receive and to treat with proper attention and courtesy commercial agents sent by Great Britain, and to afford to her subjects generally all civil rights and the unmolested exercise of their religious worship, etc.<sup>14</sup>

On arrival at Vera Cruz on 22nd February 1823 Dr. Mackie found the government of General Iturbide on the verge of being overthrown. Earlier in December of the previous year General Antonio López de Santa Anna had proclaimed a revolution against Iturbide, and called for the reinstallation of the Mexican National Congress and the formation of a constitution based on 'religion, independence and

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14 F.O. 50/1 George Canning to Dr. Patrick Mackie, Secret, December 21, 1822.



union', as promised by the Plan de Iguala which had been infringed by General Iturbide.<sup>15</sup>

General Santa Anna gained the support of the states of Puebla, Oaxaca, and a few other states in the interior and the coast. He was joined by General José Antonio Echávarri who had been sent to crush him at Vera Cruz, and by Generals Nicolás Bravo, Guadalupe Victoria, and Vicente Guerrero. The bulk of the Mexican army, influenced by two former liberal deputies in the Spanish Cortes, Ramos Arizpe and José Mariano Michelena, also adhered to this revolution.<sup>16</sup> General Iturbide abdicated on 19th March, 1823, and was allowed to go into exile abroad. In his place a provincial governing body, the Supreme Executive Power, was appointed consisting of Generals Victoria, Nicolás Bravo and Pedro Negrête. Congress was then recalled, and a new constitution ordered to be written.<sup>17</sup>

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15 Jan Bazant, A Concise History of Mexico, Cambridge University Press, London, 1977, p. 35; John Lynch, The Spanish American Revolutions, 1808-1826, Weidenfeld and Nicolson, London, 1973, p. 322; and F.O. 50/2 Captain Andrew King to the Admiralty, H.M.S. Active, Plymouth, 27th February, 1823, Enclosure No. 3 (John Hall to Captain J.W. King, Vera Cruz, 10th January 1823, "On the political state of Mexico"). During the one year that General Iturbide was in office he had elected himself a constitutional monarch, had grown into a dictator, got rid of his opposition by jailing Congressmen who opposed him, and on October 31, 1822, he dismissed Congress replacing it with a Council of State (Instituent Junta). These moves alienated many of his subjects and even some of his military chiefs. General Santa Anna accused Iturbide of having thrown obstacles in the way of commerce by exacting exorbitant duties, and by seizing merchants' property; for not paying attention to mining, and paralysing the agriculture; and for appointing his favourites and flatterers to the Council of State'.

16 F.O. 50/1. Dr. Patrick Mackie to George Canning, Havana, 17th March, 1823, Enclosure 1; and F.O. 50/1 Dr. Patrick Mackie to George Canning, Havana, 4th May 1823.

17 F.O. 50/1 Dr. Patrick Mackie to George Canning, Havana, 4th May, 1823

The overthrow of General Iturbide forced Dr. Mackie to leave for Havana without having met him. He thought it best to "be out of the way of exciting any jealousy (among the various factions)", and await further instructions from George Canning.<sup>18</sup> As soon as peace was restored in Mexico Dr. Mackie returned to that country without receiving any instructions from London, and entered into unauthorized negotiations with the new regime.<sup>19</sup>

Dr. Mackie claimed that he was faced with a situation "so pregnant with evil to the interests of (his) country", and that he had no other alternative but to state to General Victoria the object of his mission.<sup>20</sup> He entered into four conferences at Jalapa with General Victoria on the 31st July, 6th, 7th and 8th August 1823. He led General Victoria to believe that he was on an official fact finding mission to enable Britain establish friendly relations and commercial intercourse with Mexico.<sup>21</sup> He assured General Victoria that he was

18 F.O. 50/1 Dr. Patrick Mackie to George Canning, Havana, 17 March 1823.

19 Dr. Patrick Mackie justified the decision he took by claiming that a commission had arrived from Spain with full powers to negotiate with Mexico, and that General Victoria had informed him that he was in a process of signing a treaty with Spain for the recognition of Mexico's independence. The treaty was to offer Spain a trade monopoly in Mexico's Commerce to the exclusion of other nations. See F.O.50/1 Dr. Patrick Mackie to George Canning, London, November 20, 1823.

20 F.O.50/1 Dr. Patrick Mackie to George Canning, London, November 20, 1823. Dr. Mackie furnished Canning with false information. He claimed that after he had assured General Victoria of Britain's friendly disposition, the latter annulled the treaty he had signed with the Spanish Commission.. Mexico had not offered Spain any trade monopoly. She only offered to remove the ban on the importation of Spanish goods in exchange for Spain's recognition of her independence and her evacuating the fort of San Juan de Ulua. Spain was also offered certain commercial privileges which Dr. Mackie protested against in the name of his government, and were thus withdrawn.

21 Dr. Mackie covered with a piece of white paper that part of his instructions from George Canning which stipulated that he was not charged with any political mission or invested with any political powers.

convinced by the information he had collected of the solidity and firmness of the Mexican government, and of the ability of the Mexican nation to consolidate itself. He promised the General that on his return to Britain the British government would send a diplomat to Mexico with full powers to conclude a definitive treaty competent to fulfil the intentions of the two governments; that the treaty would respect 'inviolably and religiously' the basis of absolute independence of Mexico, the integrity of its territory, and with full liberty for the Mexican nation to form a government most suitable to the latter.<sup>22</sup>

The Mexicans were very eager to enter into an alliance with Britain, and General Victoria assured Dr. Mackie that the British would be warmly welcomed to trade with Mexico. Mexico was very anxious that Britain should recognise her independence. General Victoria assured Dr. Mackie that the stability of the Mexican government was guaranteed by the spirit of liberty and independence, by the uniformity with which they had manifested their ideas relative to the form of government by means of a peaceful declaration, by the sources of abundance and riches of their country, and by the confidence of Mexicans on their government.<sup>23</sup>

General Victoria assured Dr. Mackie that Mexico was prepared to enter into friendly relations with Britain, for this would be of mutual benefit to the two nations. He assured Dr. Mackie that Mexico was determined to maintain its absolute independence, and

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22 F.O. 50/1 Proceedings of the negotiations between Dr. Mackie and General Victoria, Jalapa, 1st Conference, 31st July 1823, p. 42-43.

23 F.O. 50/1 Proceedings of the negotiations between Dr. Mackie and General Victoria, Jalapa, 2nd Conference, 6th August 1823, p. 47-48.



remain friendly to Spain on condition that the latter was prepared to do the same. He stated clearly that any commercial relations with Spain must be favourable to the interests of Mexico and on no account prejudicial to other friendly nations and her allies.<sup>24</sup>

Mexico, General Victoria maintained, was only asking Britain to acknowledge her independence, integrity of its territory, and liberty to form its own government under British guarantee. Mexico also required the use of British "powerful influence" to persuade Spain and other nations to recognise her independence.<sup>25</sup> Mexico promised Britain that her commercial agents would be welcomed and treated with every attention and respect due to "the great nation that belongs to it". She also promised to respect civil and religious rights of British subjects residing in Mexico.<sup>26</sup>

Dr. Mackie on his part guaranteed Mexico that Britain would observe "a strict and scrupulous neutrality", and use its influence to prevent any European intervention in that country. He assured General Victoria of British friendly disposition towards Mexico. General Victoria was however anxious to know whether in case of Mexico being invaded by Spain or in alliance with other powers, Britain would be willing to form offensive and defensive alliance with Mexico, and also whether Mexico could rely on the latter to be furnished with "every class of supplies", under such conditions and indemnization as both government may agree upon.<sup>27</sup>

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24 F.O. 50/1 Proceedings of the negotiations between Dr. Mackie and General Victoria, Jalapa, 4th Conference, 6th August 1823, p. 49 & 79.

25 F.O. 50/1 Proceedings of the negotiations between Dr. Mackie and General Victoria, Jalapa, 4th Conference, 8th August 1823, p. 49 & 79.

26 F.O. 50/1 Proceedings of the negotiations between Dr. Mackie and General Victoria, Jalapa, 4th Conference, 8th August 1823, p. 51 & 80.

27 F.O. 50/1 Proceedings of the negotiations between Dr. Mackie and General Victoria, Jalapa, 3rd Conference, 7th August 1823, p. 54.

Dr. Mackie, who had no instructions from the British Foreign Secretary, could not commit his government to such assurances. He therefore left the Mexicans to judge for themselves the British stand on European aggression in Latin America by the Speeches of George Canning given to the British Parliament.<sup>28</sup> Dr. Mackie however falsely promised General Victoria that Mexico could rely on Britain for the supply of military equipments. In return for this Dr. Mackie expressed the hope that Mexico would not sign any commercial treaty with Spain or grant her or any other nation commercial privileges before their two countries agreed upon what may be most conducive for their mutual advantage.<sup>29</sup>

General Victoria repeatedly expressed his feelings of admiration and friendship towards Britain. He hoped that Britain would assist Mexico to rebuff the encroachments of the United States on her northern borderlands. He was prepared to offer Britain a number of commercial advantages as well as "every reciprocal favour" to gain the latter's assistance in this matter, and in the liberation of Cuba from Spanish

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28 George Canning had stated that Britain was convinced that any attempts to bring Spanish America under Spanish submission was hopeless. He declared that Britain had no intention of possessing any portion of Spanish America to herself, and warned that she would not stand and see any part of them transferred to any other nation. He also warned that any intervention by the Holy Alliance would lead to the immediate British recognition of Mexico's independence.

29 F.O. 50/1 Proceedings of the negotiations between Dr. Mackie and General Victoria, Jalapa, 7th August 1823, 3rd Conference, p. 54. The Mexican Supreme Executive refused to submit to such an undertaking, and on August 13, the Mexican Secretary of State, Lucas Alamán, declared that Mexico could not give such assurances. He was only willing to offer a pledge that should Britain recognise Mexico's independence, the ships of the nations which had not done so, would be prohibited from entering Mexican ports. He was unwilling to offer any advantages to Britain for the latter had only offered vague general hopes of recognizing Mexico's independence.

colonialism.<sup>30</sup>

In conducting these negotiations Dr. Mackie had exceeded his instructions for he was only instructed to hold talks with the Iturbide's government. When these "negotiations" leaked to the world, the British government therefore did not hesitate in disassociating itself. Britain was not ready to recognise the Mexican independence, and it was therefore eager not to be seen conducting any negotiations with this government.<sup>31</sup>

Dr. Mackie by promising the Mexican government British assistance had encouraged the Mexicans into great expectations of which Britain was unwilling to fulfil.<sup>32</sup> Britain was determined to maintain its neutrality, and it could therefore not supply Mexico with arms in her conflict with Spain. By getting General Victoria to reduce the tariff on British goods from 27 to 15% and by getting Mexico to admit British cotton and linen goods at 2 to 4% lower than on like goods from other nations, Dr. Mackie had acted contrary to the British policy.<sup>33</sup> George Canning had always maintained that Britain would seek no preferential commercial treatment. Dr. Mackie's false promises were to lead to "a series of misunderstandings and misconceptions which were to confuse and bedevil the conduct of Anglo-Mexican relations

30 F.O. 50/1 Dr. Patrick Mackie to George Canning, London, November 20, 1823.

31 Jay Kinstruner, The Spanish American Independence Movement, The Dryden Press, Hinsdale, Illinois, 1973, p. 75.

32 W.F. Cody British Interests in the Independence of Mexico, Ph.D. Thesis, University of London, 1954, p. 137.

33 F.O. 50/1 Dr. Patrick Mackie to George Canning, London, November 20, 1823.



during their initial stages."<sup>34</sup>

The Lionel Hervey Commission to Mexico

At the end of 1823 it became necessary for the British government to send an official mission to Mexico. A lot of British capital had been poured into that country and required official protection. The protection of British commercial interests therefore became of prime importance to George Canning.<sup>35</sup>

British merchants and investors pressed for official protection of their interests in Mexico. They petitioned the Foreign Office to send a government official to reside in Mexico to look after the growing British trade and investments in that country. They requested for an official to be appointed to reside in Mexico City "with authority from His Majesty's Government to intercede, in the event of any unjust molestation being attempted, against property or (their) agents, or of His Majesty's subjects."<sup>36</sup>

34 W.F. Cody, British Interests in the Independence of Mexico, Ph.D. Thesis, University of London, 1954, p. 137. The activities of Dr. Mackie clearly indicates that he was out to gain financially even at the cost of his own country. Most of the information he furnished George Canning were false or unreliable. He did not as he claimed, persuade General Victoria to annul the treaty he signed with Spain. In fact he had already left for London when negotiations between General Victoria and the Spanish Commissioners broke down. These talks broke down as a result of Spanish refusal to evacuate the fort of San Juan de Ulúa. When the Spanish Commander, General Lemaure, refused to comply with this Mexican request, Spanish Commissioners were furnished with their passports on 26th September 1823 and ordered to leave Mexico.

35 F.O. 72/266 Canning's Memorandum for the (British) Cabinet, November 15, 1822, in Charles Webster, (ed), Britain and the Independence of Latin America, Vol. II, Oxford University Press, London, 1938, p. 393-394.

36 F.O. 50/2 Memorial of British Merchants enclosed in Green and Hartley letter to George Canning, Pancras Lane, Bucklersbury, 20th August 1823. This memorial was signed by merchants from Liverpool, Manchester, Leeds and London. They pointed out that the British naval ships, which regularly called at the Mexican ports to carry away specie could not offer them protection beyond these ports.

They sent a further memorandum on September 23, 1823, pointing out that the British trade with Mexico was of the highest value, but could not be successfully conducted without protection. They pointed out that they could not see why if the French had a secret agent in Mexico, the Americans had opened a consulate, and the Spaniards had sent a commission to negotiate a commercial treaty, Britain could not take a similar action to protect her commercial interests.<sup>37</sup>

As a result of these pressures and the growing importance of Mexico to the British commerce, the British government decided in October 1823 to send a commission of inquiry to that country for the purpose of ascertaining the actual state of affairs. This commission consisted of Lionel Hervey, as its head, Henry George Ward, as the former's assistant, Charles O'Gorman, and Thompson as Secretary to the Commission.<sup>38</sup>

The overthrow of General Iturbide convinced George Canning that Mexicans were disgusted with elective monarchy, and that they may have been led to look for security either through a union with Spain or through the establishment of a popular form of government, or through

- 37 F.O. 50/2 A letter of British merchants to George Canning dated 12th September 1823, enclosed in Green and Hartley to George Canning, 23 September 1823. This letter was signed by merchants from Manchester, Glasgow, Leeds, Halifax, Divinbon near Rotherham, Huddersfield and London.
- 38 F.O. 50/3 George Canning to Lionel Hervey, No. 1, Secret, October 10, 1823. Lionel Hervey was chosen as the head of this Commission because of his long experience in the diplomatic service, and his acquaintance in Spain with the Spanish government during the period that Britain was offering to mediate between Spain and her ex-colonies. He was offered in return for his services the post of Minister Plenipotentiary in case Britain recognises the independence of Mexico.

a federal government. Britain, Canning pointed out, was not opposed to a union between Mexico and Spain provided that it was voluntary.<sup>39</sup> Lionel Hervey was therefore instructed to transmit to his government any such proposals by the Mexican ruling party to be communicated to Spain through Britain. If Mexico desired the establishment of a 'beneficial' arrangement with Spain on the principle of 'reconciliation and mutual advantage', Henry G. Ward was to return to Britain for further consultation with the Foreign Office.<sup>40</sup>

If the Commission found in Mexico an independent government not subordinated to any other country, the mode of dealing with such a government was to depend on whether:

- 1) It had already notified by a public act its determination to remain independent of Spain, and to admit no terms of accommodation with the latter;
- 2) It was in military possession of the country, and in respectable condition of military defence against any probable attack from Europe;
- 3) It had acquired a reasonable degree of consistency, and was enjoying the confidence and good will of the several orders of the people;
- 4) It had abjured and abolished the slave trade.<sup>41</sup>

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39 F.O. 50/3 George Canning to Lionel Hervey, No. 1, Secret, October 10, 1823. George Canning believed that monarchism had the best chance of success in Mexico, and would have rather seen a monarchy than a republic established there. He believed that a monarchy in Mexico would act as a possible barrier, against the encroachment of the United States, and as a possible means of stopping her from dividing the world into two - monarchies in the Old World and republics in the New World.

40 F.O. 50/3 George Canning to Lionel Hervey, No. 1, Secret, October 10, 1823.

41 F.O. 50/3 George Canning to Lionel Hervey, No. 1, Secret, October 10, 1823.



After the end of the war of independence, the British government saw the possibility of the Mexicans wanting to establish a monarchy, practically independent of Spain, but with a Spanish infante upon the Throne. On 10th October a fifth instruction was therefore added to the above four instructions drawn early in July. Hervey was instructed that if his help was requested by the Mexicans to establish a monarchy, he was to accede, but he was warned not to attempt to prescribe to the latter this or any other particular course of action.<sup>43</sup>

If all these questions were answered satisfactorily, and Mexico was fairly stable, Hervey was to address himself to the Mexican Secretary of State, Lucas Alamán. He was to suggest to the Mexican officials to send an official to Britain to negotiate with the British Foreign Secretary. The result of this negotiation and the commission's report were to determine whether the time was right for the exchange of diplomats between the two countries.<sup>44</sup>

The decision by the United States and France to open commercial consulates in Mexico forced George Canning to change his instructions, and order that if the commission was well received the Consul-General and Consuls were to open their offices on arrival at Mexico City.<sup>45</sup>

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42 F.O. 50/3 George Canning to Lionel Hervey, No. 5, Secret, October 10, 1823.

43 F.O. 50/3 George Canning to Lionel Hervey No. 5, Secret, October 10, 1823. It was essential for Britain that negotiations for a monarch should only be carried with Spain alone and that there should be no interference from any other country.

44 F.O. 50/3 George Canning to Lionel Hervey, No. 5, Secret, October 10, 1823.

45 F.O. 50/3 George Canning to Lionel Hervey, No. 6, October 10, 1823. Charles Kenneth MacKenzie (1788-1864) was appointed consul at Vera Cruz on 10th October 1823 and Robert P. Staples as Consul at San Blas.

The Commission was well received in Mexico, and General Victoria assured Hervey that Mexico had established an independent federal system of government, and that Mexico had formally abolished slave trade.<sup>46</sup>

Canning sent copies of the Polignac Memorandum on the Conference held between him and Prince de Polignac, the French Ambassador in London, between 9th and 12th October 1823.<sup>47</sup>

Canning instructed the Commission on 7th April, 1824 not to communicate the content of the Polignac Memorandum to the Mexican officials, but to use the information to show how eager and anxious Britain declared against any project of bringing back the late Spanish colonies under the dominion of the mother country by French aid.<sup>48</sup> Britain was anxious to prove to Mexico that she was opposed to European aggression against the independence of Mexico. This measure was necessary if Britain was to be treated favourably by Mexico. The Foreign Office therefore kept the commission well informed of the British stand against European aggression in Latin America.<sup>49</sup>

46 F.O. 50/4 Lionel Hervey to George Canning, Vera Cruz, December 12 and 15, No. 2, 1823. On their arrival in Mexico on 12 December 1823, they found Vera Cruz bombarded by Spanish forces stationed at the Fort of San Juan de Ulúa, and that this event had forced the commercial community to desert the city to other safer ports. Charles T. O'Gorman held talks with the Spanish Commander, General Lemaur, and assured him that Britain had no intentions of annexing Mexico and that the British decision to send Consuls was well known to Spain. See F.O. 50/4 Lionel Hervey to George Canning, Jalapa, 22 December 1823.

47 Canning had invited Prince de Polignac to a Conference in London to get assurances from France that she would not intervene in Latin America on behalf of Spain. He warned Polignac that any intervention by a third party would lead to the immediate British recognition of these new states. Canning took this move in order to protect the growing British trade with these new states. See F.O. 50/2 Joseph Planta, Jnr. to H.M. Commissioner and Consuls in Mexico, F.O., April 9, 1824, and the "Polignac Memorandum" enclosed.

48 F.O. 50/2 Joseph Planta, Jnr. to H.M. Commissioner and Consuls in Mexico, Confidential, 7 April 1824.

49 F.O. 50/2 Joseph Planta, Jnr. to Lionel Hervey, F.O., April 9, 1824.

The Lionel Hervey Commission's Report

The Lionel Hervey Commission was so anxious that Britain recognised the independence of Mexico that within 37 days in that country it had produced a report favouring the recognition of that nation. On 20th April 1824 Henry George Ward returned to Britain with this report.

The report declared that slave trade had been abolished in Mexico through a public declaration of the National Congress which was voted unanimously; that the Mexican government had declared itself independent of Spain, by the first five articles of the constitution, and had adopted as the form of government best suited to the feelings and exigencies of the nation, "a representative, popular, federal republic."<sup>50</sup>

The report declared that the Mexican government was in military possession of the whole country, except for the Castle of San Juan de Ulúa, on the island of Great Gallegã, held by Spaniards, and that would long have been taken, but for the favourable circumstances of its insular situation, and the non existence of the Mexican navy.<sup>51</sup>

The report held that it considered that the Mexicans were fully competent to defend themselves against Spain. The report held that the withdrawal of the Peninsulares' capital, the only capital in the country, paralysed every branch of trade and every beneficent national institution. Under these circumstances lawlessness prevailed and all confidence was destroyed. Iturbidists and Bourbonists took advantage of the situation by spreading unfavourable reports, to

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50 F.O. 50/4 Lionel Hervey to George Canning, 'Report of the Mexican Commissioners', Mexico, January 18, 1824.

51 F.O. 50/4 Lionel Hervey to George Canning, Op.Cit., Mexico, January 18, 1824.



excite the discontent and rebellion in the different provinces. The Commission pointed out that under these circumstances a federal republican form of government stood a better chance of success than any other.<sup>52</sup>

The report claimed that the absence of a Mexican navy presented the Mexicans from controlling their shores, and that consequently trade was very much checked and discouraged. It pointed out that Mexico was anxious to form an alliance with one of the great maritime powers of Europe to protect her territorial integrity. The Commission warned that any disappointment by Britain would lead to the mineral wealth of Mexico to be dominated by the United States which was pouring lots of capital into this country.<sup>53</sup>

#### Canning's Criticism of the Report

George Canning was of the opinion that this report was too rushed that the Commissioners did not allow themselves time to form a mature judgement upon "many circumstances of the utmost importance."<sup>54</sup> He was particularly concerned with the Lobato insurrection, and wished that Henry G. Ward had waited for the outcome before returning to Britain.<sup>55</sup>

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52 F.O. 50/4 Lionel Hervey to George Canning, Op.Cit. Mexico, January 18, 1824.

53 F.O. 50/4 Lionel Hervey to George Canning, "Report of the Mexican Commissioners", Mexico, January 18, 1824.

54 F.O. 50/3 George Canning to Lionel Hervey, No. 3, April 23, 1824.

55 Canning was unsatisfied with Ward's explanation that the Lobato rebellion had not any other aim but to remove obnoxious peninsulares from the Mexican government, and that before he sailed for London that the government had given in to this demand.

This report had ignored the whole issue of this insurrection, and contained no explanation to counteract or qualify the various rumours which had arisen, as to the nature, the extent, the objects, and the supposition of the Lobato mutiny.<sup>56</sup>

Canning therefore refused to extend British recognition of Mexico's independence on the strength of the report, and maintained that it would be to the advantage of Mexico if Spain led the way. He argued that British recognition without that of Spain would be of trifling benefit to Mexico.<sup>57</sup> It appears that Canning was not prepared to take a chance by recognising Mexico without adequate evidence that Mexico was truly independent and had consolidated its territorial integrity. He wanted to be sure that Mexicans were determined to remain independent of Spain before extending British recognition.<sup>58</sup>

George Canning was anxious for the Commission to disfavour Dr. Mackie's negotiations without discrediting General Victoria.<sup>59</sup>

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- 56 F.O. 50/3 George Canning to Lionel Hervey, No. 3, April 23, 1824. General Lobato aimed at removing all Gachupines from public offices and official positions. He aimed at conferring power on one of the military chiefs. Congress refused to negotiate with him but offered him amnesty which he accepted.
- 57 F.O. 50/3 George Canning to Lionel Hervey, No. 3, April 23, 1824.
- 58 Canning was worried about Spain's belief that there was a large and powerful party in Mexico which favoured the restoration of her authority. He was also interested in ending the animosity between Spain and Mexico by trying to persuade the latter to offer her mother country commercial concessions or subsidies in exchange for recognition.
- 59 F.O. 50/3 George Canning to Lionel Hervey, No. 4, Secret, April 23, 1824.

The latter was disappointed that his "negotiations" with Dr. Mackie were not recognised by the British government. He was eager that the two countries should establish diplomatic relations without wasting any time.<sup>60</sup> While George Canning was not ready to recognize Mexico officially, he was anxious to protect British commercial interests in that country. He therefore instructed Hervey to secure for British subjects civil and religious rights, which included the exemption from compulsory military service, exemption from pecuniary taxes not borne by the rest of the Mexican community, toleration of religious opinion, the unmolested exercise of religious worship, and the decent celebration of the rites in accordance with their own choice.<sup>61</sup>

Lionel Hervey had rushed his report because of his anxiety that his country should recognise the independence of Mexico. He was concerned about the possibility of French aggression against Mexico on behalf of Spain. He saw British recognition as the only means of stopping this.<sup>62</sup> Growing British influence in Mexico also convinced him that any delay would produce a prejudicial effect on British

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60 F.O. 50/5 Lionel Hervey to George Canning, No. 33, Secret, Mexico, July 8, 1824.

61 F.O. 50/3 George Canning to Lionel Hervey, F.O. No. 5, April 23, 1824. Charles T. O'Gorman, The British Consul-General in Mexico was able to secure these guarantees from Lucas Alamán, except the granting of religious immunity for the Fifth Article of the Mexican Constitution prohibiting the practicing of any other faith except that of Roman Catholic. Alamán feared that any such concession would anger the Mexican public and put the government into trouble. He was however prepared to offer the British a special place for burial. See F.O. 50/5 Lucas Alamán to Hervey and Charles T. O'Gorman, enclosed in despatch No. 36.

62 F.O. 50/5 Lionel Hervey to George Canning, Mexico, No. 29, July 1824.



interests in this country. It was clear to him that Mexico was not interested in the British offer of mediation but in the recognition of her independence. He therefore feared that any more delay would lead to the United States gaining an upper hand.<sup>63</sup>

Hervey defended the inadequacy of his report by claiming that he felt a general description of the leading characteristics of Mexico were enough to determine the stability of the country, and the popularity of its government. He maintained that there was no pro-Spanish party in Mexico, and that even those who wanted a monarchy either wanted General Iturbide or any other European prince. Anti-Spanish feelings were too high for Mexicans to accept any Spanish prince.<sup>64</sup>

Hervey pressed for British recognition arguing that:

The recognition ... and the consequent influx of British capital for working the mines (would) tend more to the establishment of peace and prosperity throughout the country.<sup>65</sup>

Lucas Alamán turned down British proposals that Mexico offer Spain pecuniary aid. He was unwilling to strengthen Spain by offering her aid as an inducement for her to recognise the independence of Mexico. Alaman feared that it could lead to Spain equipping herself

63 F.O. 50/5 Lionel Hervey to George Canning, Mexico, No. 29, 3 July 1824

64 F.O. 50/5 Lionel Hervey to George Canning, Mexico, No. 29, 3 July 1824. He defended his decision for not including in his report the information about the Lobato insurrection by claiming that it had taken place four days after Ward had left the capital for London. He was not aware that Ward had been delayed at Vera Cruz, until the outbreak of the insurrection. He however took the earliest opportunity to furnish Canning with information about the rebellion.

65 F.O. 50/4 Lionel Hervey to George Canning, No. 29, Mexico, 3 July 1824.

for an attack against Mexico. He was however prepared to offer Spain commercial privileges in exchange for immediate recognition.<sup>66</sup>

General Victoria was unhappy about the British decision not to recognise Mexico immediately because Spain was unwilling to take such a step. He refused to accept British explanation that if Spain led in this recognition it would be to the advantage of Mexico. It was clear to General Victoria that while Britain was not ready to recognise the independence of Mexico, she was taking all steps to protect her commercial interests.<sup>67</sup> Britain had been forced to open commercial consulates in Mexico in order to protect and foster her trade and investments in that country.

#### The Dismissal of Lionel Hervey and Robert P. Staples

During the Ilobato insurrection the Mexican Secretary of Finance, Francisco de Arrillaga, approached Robert P. Staples to recommend to the British government a loan of £200 to £300,000 to enable the Mexican government deal with this rebellion.<sup>68</sup> Staples got Hervey interested in this financial deal by convincing him that the danger of the dissolution of the Mexican government was too great owing to the want of money.<sup>69</sup> Hervey, who was anxious for Britain to recognise Mexico's independence, believed that such a loan would save the government from its present embarrassment and prevent the recurrence

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66 F.O. 50/4 Alaman to Hervey, Mexico, No. 8 enclosure, January 7, 1824.  
F.O. 50/4 Lionel Hervey to Lucas Alamán, Mexico, July 8, 1824, and  
F.O. 50/4 Lionel Hervey to George Canning, Mexico, July 9, 1824.  
Mexico was only prepared to offer Spain commercial privileges only beyond those she accorded to other European nations, and only on Spanish produce or manufacture for a period of between 10 to 20 years.

67 F.O. 50/5 Lionel Hervey to George Canning, Mexico, July 9, 1824.

68 F.O. 50/4, Lionel Hervey to George Canning, Private, 20 February, 1824.

69 F.O. 50/4 Lionel Hervey to George Canning, Mexico, 20 February 1824 and enclosure (Robert P. Staples to Hervey, 30 January 1824).

of the disorders which had arisen due to the inability of the Mexican government to pay its troops, and fulfil its obligations.

In his eagerness Hervey was not only prepared to recommend to the British government but also to secure its guarantee for the eventual repayment of the loan should unforeseen circumstances prevent the liquidation of the debt so contracted by the Mexican Congress.<sup>70</sup>

This decision by Hervey to commit his government placed it in a very embarrassing position, for it left her in a situation of becoming eventually liable for the financial engagements of Mexico. Hervey's commitment also violated the British policy of neutrality. The whole spirit of the Commission's instructions was to caution its members against mixing themselves in the internal affairs of Mexico. There was not a single word in their instructions that would have been interpreted by Hervey as having given him "the remotest sanction to any such proceedings."<sup>71</sup>

George Canning could not believe that Robert Staples, an ex-businessman, did not enter into this transaction without some view to benefit. Lionel Hervey though cleared of any gains, was instructed to "plainly and totally" disavow his participation in this transaction.

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70 F.O. 50/4. Lionel Hervey to Robert Staples, Mexico, 30 January 1824, enclosed in Lionel Hervey to George Canning, Mexico, Private, 20 February 1824. The Mexican government negotiated with the agents of Barclay, Herring and Co., for a loan of £3,600,000. Contractors were offered 6% for the sale of shares, and in a secret arrangement they secured the exclusive preference for all contracts which the Mexican government would wish to enter into, henceforward for the purpose of arms or ships, and for improving public roads.

71 F.O. 50/3 George Canning to Lionel Hervey, No. 6, July 20, 1824.



Canning however, felt that Hervey could not continue to work either with satisfaction to himself or with advantage to his government, and therefore recalled him back home. Robert Staples was however dismissed.<sup>72</sup>

### Mexico's Representatives in Britain

Mexico paid special attention to the matter of gaining recognition from Britain. It saw British recognition as a guarantee for its independence against European aggression & upon its sovereignty. Mexico was also eager to gain British recognition for it believed that once Britain recognised her independence, other European powers would follow. She was therefore prepared to offer Britain commercial privileges in exchange for this recognition.<sup>73</sup>

In August 1823 Mexico appointed Francisco de Borja Magoni, a Vera Cruz merchant, as its diplomatic agent to London. Magoni negotiated a second Mexican loan with the House of B.A. Goldschmidt and Co., for 8 million pesos.<sup>74</sup>

Magoni's mission as a Mexican agent in London can best be described as a fiasco. He was more concerned with pursuing his own business interests than with carrying on the mission with which he

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72 F.O. 50/3 George Canning to Lionel Hervey, No. 6, July 20, 1824, British Consuls in Mexico had been instructed on 10 October 1823 by the Foreign Office not to concern themselves or through others in trade. Robert Staples after his dismissal remained in Mexico to handle the complex transactions involving the loan he had negotiated with the Mexican government. He also established a successful commercial house.

73 C.H. Gardiner, "The Role of Guadalupe Victoria in Mexican Foreign Relations", Revista de Historia de America, December 1948, No. 26, p. 382-385.

74 Lucas Alaman to Magoni, Private, Mexico City, August 2, 1823, La Diplomacia Mexicana, Vol. II, p. 150-151.

had been charged, i.e. to secure British recognition of Mexico's independence.<sup>75</sup> He was succeeded by José Mariano Michelena, as Minister Plenipotentiary in March 1824. He negotiated a loan with the House of Barclay, Herring, Richardson and Co. He went through a lot of frustration before securing this loan.<sup>76</sup>

He was convinced that the British government was not prepared to recognise Latin American states, but was taking care to protect her trade in this region. He believed that it was due to this consideration that Britain was opposed to European aggression in this area.<sup>77</sup>

Michelena believed that unless a stronger line of action was taken against Britain, she would only grant recognition when it served her interest exclusively, instead of having to accommodate herself to the interests of the new states. He saw no point of staying on in Britain if the British government was not prepared to recognise the independence of Mexico.<sup>78</sup>

- 75 W.F. Cody, British Interests in the Independence of Mexico, Ph.D. Thesis, 1954, University of London, p. 176. Migóni was a victim of a highly elaborate plot by Dr. Patrick Mackie and Charles Rivington Broughton, the first senior clerk of the British Foreign Office. These two men deceived Migóni that they could arrange a meeting for him with George Canning who avoided meeting Spanish American representatives before Britain recognised their independence. Dr. Mackie also made Migóni believe that the financial plans he presented to him were from financial agents connected with the British government.
- 76 W.F. Cody, British Interests in the Independence of Mexico, Ph.D. Thesis, 1954, University of London, p. 178. British financial houses offered him only the assurances of their friendly interests in Mexican affairs but did not advance him any loan.
- 77 Michelena to Lucas Alamán, London, July 25, 1824, La Diplomacia Mexicana, Vol. III, p. 46-51.
- 78 Michelena to Lucas Alamán, London, July 25, 1824, La Diplomacia Mexicana, Vol. III, p. 46-51.

He was convinced that Britain wanted a treaty of commerce as a means of obtaining a commitment which would be of value whether Mexico remained independent or was reconquered by Spain.<sup>79</sup> He informed Canning that Mexico accepted British mediation on condition that:

- 1) Spain acknowledges the independence of Mexico like Britain did that of the United States;
- 2) Mexico was prepared to offer Spain commercial advantages relative to mineral resources and agriculture, without prejudice to the patents granted prior to the date of the ratification of the present conditions;
- 3) Mexico is prepared to sign a commercial treaty with Britain, by which it will consider her among the most favoured nations, except for the new states of Spanish America of which she reserves the right to extend special concessions.<sup>80</sup>

Canning assured Michelena that Britain considers Mexico as 'de facto' independent; that Britain would observe the strictest neutrality between Mexico and Spain, but would not allow any European nation to interfere in order to assist Spain; that though Britain desires Spain to lead the way in this recognition, the latter's refusal would not prevent her from doing so; and that the national flags of the ships of War and merchant vessels belonging to the new states would be admitted into British ports, and be considered

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79 Michelena to Lucas Alamán, London, August 31, 1824, La Diplomacia Mexicana, Vol. III, p. 72-80.

80 F.O. 97/270 Enclosure to a letter from General Michelena to George Canning (translation), London, October 11, 1824, In Charles Webster, (ed), Britain and the Independence of Latin America, Vol. I, O.U.P., London, 1938, p. 458-9.



at sea the same as those of any other friendly power.<sup>81</sup>

Michelena was eager to apply all possible pressure to get Britain recognise his country's independence, and therefore worked in co-ordination with representatives of other Latin American States to hasten Britain's decision.<sup>82</sup> Britain however took no other step than the sending of "commercial agents with no other than a consular character." She was still not prepared to recognise Mexico without acting in concert with her European allies.

The activities of Great Britain in Mexico before the end of 1824 was inspired not only by the desire to ascertain the actual conditions prevailing in that country, with the view to ultimate recognition, but also by an anxiety lest France and the United States should profit by acquiring undue advantages.<sup>83</sup> It therefore sent the Hervey Commission to "ascertain the fact of Mexico's independence .... and to form and report an opinion of the stability of (the Mexican) government." British fear of jeopardizing her ties with Spain and being isolated by her European allies prevented her from officially recognising Mexico as an independent country. It is however clear that Britain viewed Mexico as "de facto" independent.

81 F.O. 97/270 General Michelena's Memorandum of four points relative to the conduct of Great Britain (Translation), London, December 3, 1824, in Charles Webster, (ed), Britain and the Independence of Latin America, Vol. I, p. 459.

82 Michelena to Lucas Alamán (in cipher), London, November 6, 1824, La Diplomacia Mexicana, Vol. III, p. 103-109.

83 Lionel Hervey warned George Canning that Mexico was anxiously looking towards Britain for an alliance and should they be disappointed, they would ultimately be forced to throw themselves into the arms of the United States which would gladly welcome such a move. See F.O. 50/4 Lionel Hervey to George Canning, Mexico, January 18, 1824.

The growing British interests, the need to protect British trade and investments, and the rapid increase in her subjects in Mexico necessitated the establishment of commercial consulates. This step was also influenced by a similar decision by the United States and France.<sup>84</sup>

Mexico was very anxious for Britain to recognise her independence, for British recognition would act as a guarantee of her sovereignty against foreign aggression. Mexico was therefore willing to offer Britain commercial privileges in exchange for this recognition.<sup>85</sup> British refusal made it clear to her that Britain was primarily interested in the protection of her commercial interests other than in the promotion of Mexico's independence. It was obvious that Britain was torn between protecting her commercial interests on the one hand, and pleasing Spain and preventing her isolation from her European allies on the other hand.

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84 C. Allen True, "British loans to the Mexican Government 1822-1832", South Western Social Science Quarterly, 1936-1937, Vol. 17, p. 353.

85 Peter Dixon, Canning, Politician and Statesman, Weidenfeld and Nicolson, London, 1976, p. 229.

### CHAPTER III BRITISH RECOGNITION OF MEXICO'S INDEPENDENCE

By the end of 1824 George Canning was convinced that it was time that Britain recognized the independence of Mexico. He was convinced of the utter hopelessness of the success of any attempt to bring Mexico under the subjection of the mother country.<sup>1</sup> Two factors influenced him in his wish to recognize the independence of Mexico:

- (i) The magnitude of British investments in Mexico, and the need to protect them. British capitals in Mexico were in great part "vested in concerns of a less transient and temporary nature than mere speculation." They were sunk, in mining and territorial concerns, which were continuously increasing, and which could only be rendered lucrative after a considerable period of time;<sup>2</sup> and
- (ii) His fear of "the ambition and ascendancy" of the United States in this region. He was convinced that it was the policy of the United States to connect itself with all the powers of America in a general Trans-Atlantic league, of which it would have the sole direction. George Canning felt that British recognition of Mexico's independence would help

1. F.O. 50/9 George Canning to James Morier and H.G. Ward, No.1 January 3, 1825, and George Canning to Bagot, "Confidential, F.O.", December 31, 1824, in Josceline Bagot, George Canning and his friends, John Murray, London, 1909, p.275-277.

2. H.W.V. Temperley, The foreign Policy of Canning 1822-1827, G.Bell and Sons Ltd. 1925, p.145-164. George Canning felt that it was an embarrassment to hold on to the policy of non-recognition to a country where British subjects were heavily involved in commerce and investment. Furthermore he was keen to negotiate a commercial treaty with Mexico the effect of which would be a diplomatic recognition.



Britain to create a powerful barrier to the influence of the United States.<sup>3</sup>

On 14 December 1824 the British Prime Minister, Lord Liverpool, and his foreign secretary, George Canning, laid a minute before the British cabinet recommending the recognition of Mexico, Buenos Aires (Argentina) and Colombia. They threatened to resign if their demands were not met.<sup>4</sup> George Canning tried to convince the British cabinet that any further delay in this recognition would lead to the United States to obtain all the commercial advantages from Mexico. He warned them that if Britain does not act soon, it would sooner or later have to contend with the combined maritime power of France and the United States in Mexico.<sup>5</sup> He therefore pressed them not to lose this golden opportunity of preventing the establishment of Britain's rivals' dominance.<sup>6</sup>

George IV and the Ultra-tories in the cabinet opposed this move to recognize these states arguing that it would be both a dangerous concession to 'jacobin' ideas and a further cause of estrangement between Britain and her allies. They believed that the decision to recognize Mexico was premature for there had not been established a stable and popular

3. H.W.V. Temperley, The Foreign Policy of Canning 1822-1827, p.145-146 and 781-782. Mexican eagerness for an alliance with Britain, and her fear of the intention of the United States to encroach on Mexican territory, convinced Britain that if she recognizes the independence of Mexico, she would be able to create a sphere of influence and thus check the spreading of American influence into Latin America.
4. Sir Charles Petre, George Canning Eyre and Spottiswoode, London, 1946, p.186.
5. Harold Temperley, The Foreign Policy of Canning 1822-1827, G.Bell and Sons Ltd. London, 1925, p.145.
6. George Canning's Third Memorandum on Recognition, December 24, printed in Harold Temperley, The Foreign Policy of Canning 1822-1827, Appendix III, p.550-554.

government in that country.<sup>7</sup>

After a bitter struggle George IV and the British cabinet gave in to Canning's demands. This was a great triumph for George Canning. In a letter to Lord Granville, the British Ambassador in Paris, he remarked:

The dead is done ... Spanish America is free,  
and if we do not mismanage our affairs sadly she is  
English. The Yankee will shout in triumph, but it  
is they who lose most in our decision.... We slip  
in between and plant ourselves in Mexico ... and link  
once more America and Europe.<sup>8</sup>

Canning decided to recognize Mexico through the negotiation of a commercial treaty with her, the ratification of which would complete the process of recognition. He insisted that all forms of recognition in so many words should be avoided. He believed that it was more dignified

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7. Wendy Hinde, George Canning, Collins, London, 1973, p. 345. The Duke of Wellington believed that recognition should be delayed as long as possible because the announcement would anger the Holy Alliance and led to the isolation of Britain from Europe. He thought himself driven by a revolutionary (Canning) to support revolutionary measures. He offered to resign and bitterly protested against the abandonment of the old British principle to neutrality. The Earl of Westmoreland while professing to agree in measure, disapproved in words this recognition, and communicated his disapproval to the French court. The King opposed recognition and sent a memorandum of disapproval to the cabinet. He even held secret talks with the Russian Ambassador in London, Prince Lieven, and the Austria Prince, Metternich, expressing his desire to dismiss Canning. See H.W.V. Temperley, Life of Canning, James Finch and Co., London, 1905, p. 186.

8. Canning to Granville, Glouster Lodge, December 17, 1824, Most Private, in A.G. Stapleton, George Canning and his Times, John W. Parker and Sons, 1859, London, p. 411. Canning believed that British recognition of Mexico would put a stop to the danger of the United States dividing the world into two: European and American, Republican and Monarchical, a league of worn-out governments on the one hand, and of youthful and striving states, with the United States, on the other. Britain seem to have had the upperhand in Latin America up to 1860 when she withdrew from the Mosquito coast. Thereafter the British policy in Latin America was to work, if at all possible, in collaboration with the United States. See D.C.M. Platt, British Diplomacy in Latin

9. Charles Webster (ed) Britain and the Independence of Latin America, 1812-1830, Select Documents from the Foreign Office Archives, Vol. II, O.U.P. (London) 1938, p. 24.



to admit the assumed independence instead of as if Britain were creating it. Negotiations were to be conducted in Mexico City, and in entering into a treaty of Amity, Navigation and Commerce with Mexico, he expressly disavowed for his country the principle of exclusive preference or benefits.<sup>10</sup>

#### Pressure to recognise

British merchants, shippers and financiers, a pressure group of considerable influence, were the people most concerned with the independence of Mexico. They saw immense profits from the increasing commerce and investments in Mexico, and were therefore willing to act together to press for recognition. British merchants in London, Belfast, Bristol, Liverpool, Manchester and in Jamaica pressed for the recognition of Mexico's independence. They saw Mexico as a country of great potential both as a market for their manufactured goods and as a source of raw materials.<sup>11</sup>

They were represented in Parliament by a radical M.P., Sir James Mackintosh. In 1825 under the pressure from the London businessmen, Canning increased the number of consular posts in Mexico and a legation was established in Mexico City to promote trade, protect the rights of British Subjects, and to look after their general interests. The Interest

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10. W.R. Manning (ed) Diplomatic Correspondence of the United States Concerning the Independence of Latin American Nations, Vol.III, O.U.P. New York, 1925, p.1497.

11. M.J. Fenn, British Investment in South America and the Financial Crisis of 1825-1826, M.A.Thesis, Durham University, 1969, p.v-vi.



which the City of London took in the affairs of Spanish America was responsible for the change of heart in favour of recognition by George IV and the Ultra-tories.<sup>12</sup>

Liverpool Shipowners' Association which was heavily involved in the Mexican trade urged for the establishment of diplomatic relations with Mexico "to secure the safety of (British) trade on a permanent and favourable foundation".<sup>13</sup> Merchants and manufacturers of Glasgow and the Belfast Chamber of Commerce also petitioned the government to recognise Spanish American republics.<sup>14</sup> The Manchester Chamber of Commerce also petitioned the British government arguing that the expansion of the British trade in this region required an early and formal acknowledgement of the de facto independence of these states.<sup>15</sup> British liberals who had earlier championed the cause of the American war of Independence also urged for recognition. They maintained pressure through debates and

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12. Sir Robert Marett, British Trade and Investment, Charles Knight and Co.Ltd., 1973, London, p.150.

13. Foreign Office, South America, 1822-1823, Memorial of Liverpool Shipowners' Association, 9 May, 1822. Liverpool exported mainly cotton manufactured goods and colonial products to Mexico. See Chapter 8 for details.

14. Foreign Office, South America, 1822-1823, Memorial of Merchants and Manufacturers of the City of Glasgow, 1822; and Foreign Office, South America, 1822-1823, Petition of Belfast Chamber of Commerce, 26 August 1823. Glasgow and Belfast exported cotton, woollen and linen goods to Mexico.

15. Arthur Redford, Manchester<sup>merchants</sup> and Foreign Trade 1794-1858, Vol.I, Manchester University Press, Manchester, 1934, p.100. Manchester was mainly interested in Mexico as a potential market for cotton manufacturers.

petitions in Parliament, and in news papers like The Morning Chronicle and The Times.<sup>16</sup>

The effects of these pressure groups was Canning's decision to recognize Mexico in 1825. On January 3, 1825 he instructed the Commission he had sent to Mexico to negotiate a commercial treaty with that country. Canning was satisfied with the accounts he had received from this Commission. He was convinced that their accounts contained "A satisfactory report of the situation in Mexico of the moderate principles of the government, and of its disposition to cultivate with Britain the closest relations of friendly intercourse."<sup>17</sup>

On 3 January 1825 Canning instructed James Morier that if conditions remained as favourable as they were, he was to invite the Mexican government to negotiate a treaty which would establish a "reciprocal freedom of commerce" on the basis of most favoured nation. He was to negotiate for the introduction of lower duties on goods carried by British and Mexican built and manned ships.<sup>18</sup>

16. Charles Webster (ed) Britain and the Independence of Latin America, Vol. I, p.11. The Morning Chronicle, The Times and The Edinburgh Review, etc. were liberal papers that championed the cause of Latin American nation and the promotion of British interests in this region.

17. F.O. 50/9 George Canning to James Morier and H.G. Ward, No.1, January 3, 1825.

(18.) F.O. 50/9 George Canning to James Morier and H.G. Ward, No.1, January 3, 1825. Morier was also instructed to return to London with the signed treaty and its ratification. He was then to present H.G. Ward to the Mexican secretary of State, Lucas Alaman, as the British Charge' d' Affaires.



In a separate despatch Canning informed the Commission to press for granting of religious rights to British residents in Mexico. In case the Mexican authorities objected to the issuing of permission to British residents to build chapels in Mexico, for security reasons, they were to ask for them to be allowed "to celebrate divine service with proper decorum." <sup>19</sup>

On the question of admitting into British ports ships carrying Mexican products which were not wholly owned or built in Mexico, Canning was prepared to give an allowance of between five and ten years. It was his belief that Mexico as a young nation and hard pressed for finances, could not afford to build or buy ships. <sup>20</sup>

#### James Morier and the Mexican Commission

The head of the British Commission in Mexico, James Morier, early in February 1825 warned Canning against any further delays in recognizing the independence of Mexico. He warned:

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19. F.O. 50/9 George Canning to James Morier and H.G. Ward, No.2, January 3, 1825. It was important for Britain that her Subjects in Mexico should enjoy both civil and religious rights in Mexico. The right of her Subjects to celebrate Divine Service, at least in private houses, as well as the rights of decent sepulture, were conditions that Britain could not compromise in signing this treaty. The Mexican Constitution only allowed the practicing of the Catholic faith in Mexico, and because of fear of hostile public reaction, it was not possible to grant this British request. Britain however, maintained that a Secret Article should be included that would allow British Subjects to build their own chapels and churches as soon as the Mexican government succeeds in obviating the difficulties apprehended to such a measure.
20. For 50/9 George Canning to James Morier and H.G. Ward, No.3, January 3, 1825.



should .... recognition be much longer delayed,  
 the situation of His Majesty's Commission in  
 (Mexico) will be attended with considerable  
 embarrassment... (There were) feelings of  
 distrust - a distrust likely to increase.<sup>21</sup>

Towards the end of March 1825 the British Commissioners were given full powers to enter into treaty negotiations. These negotiations were conducted by Henry George Ward.<sup>22</sup> The Mexicans objects to the omission in the treaty project of an article recognizing their independence. They insisted on the inclusion of a clear and positive declaration to please their people who had emerged from " a long and arduous struggle for liberty". The Mexicans were prepared to make any sacrifice or to grant any commercial privileges that Britain might require provided a separate article were inserted recognizing in distinct terms the independence of Mexico.<sup>23</sup>

21. F.O. James Morier to George Canning, No.10, Confidential, Mexico, February 10, 1825. Mexican leaders were tired of the delay by Britain to recognize their country, and began to view the British with mistrust. It appeared to them that Britain was only interested in safeguarding her commercial interests.

22. H.G.Ward was chosen to conduct these negotiations because he was the one who had gone back to Britain with the first Commission's report, and had been briefed by George Canning on future negotiations with the Mexican government.

23. F.O. 50/12 James Morier and H.G. Ward to George Canning, No.1, Mexico, April 10, 1825. In these negotiations Canning insisted on the word 'Republic' should not be included in reference to Mexico. He feared that the inclusion of the term would lead to angry European reaction. He feared that Britain would be seen as promoting Republicanism in Latin America. Canning would have also preferred to see a monarchy established in Mexico. It was therefore agreed to use the words "The United States of Mexico".

The British Commission was not prepared to give in to this Mexican demand. They tried to convince the Mexicans that the spirit of this treaty showed that Britain was definitely convinced that Mexico was totally lost to Spain. It was their argument that other European nations did not hold the same view, and that what stopped them from invading Mexico was the British stand against European intervention. It was also their argument that the fear of European hostility against the British decision to recognize Mexico prevented Britain from explicitly recognizing the Mexican independence. They argued that European hostility would be destructive to both Mexico and Britain.<sup>24</sup>

Mexican plenipotentiaries were not convinced by these arguments, and insisted on a positive recognition of their independence by Britain. They also objected to the article granting British residents religious concessions. They saw the article as too radical in a country where religious feelings ran very high.<sup>25</sup> The Mexicans also claimed the power to grant special commercial privileges to their sister states.<sup>26</sup>

24. F.O. 50/12 James Morier and H.G. Ward to George Canning, No.1, April 10, 1825.

25. F.O. 50/13 H.G. Ward to George Canning, No.5, Mexico, June 1, 1825. Estava and Lucas Alamán, Mexican representatives in these negotiations, declared that they would be lynched if they raised the question of religious concession in Congress. It was therefore agreed that the British Subjects would have the protection of the Mexican government in their houses, person and property, and they would not be disturbed in any manner or account of their religion provided they respected the faith of the Mexican people as well as the Constitution, laws and customs of Mexico.

26. Mexico was ambitious to play a leading role in Latin America, and believed that her prestige would be enhanced by granting these states preferences.



After long negotiations the British Commissioners gave in to these Mexican demands, and a treaty was signed on April 6, 1825. They gave in to these Mexican demands because of their eagerness to have Britain recognize the independence of Mexico. They feared that any British delay would give the Americans an advantage and enable them to consolidate their influence which would be detrimental to Britain.<sup>27</sup> Thus these fears forced them to accept a treaty that was not in line with the policy of their government.

#### The rejection of the Treaty by Canning

The signing of this treaty brought to an end the work of the British Commission. James Morier left for London with the signed treaty and Henry George Ward remained in Mexico as Charge d'Affaires.

The British government refused to ratify the treaty on the grounds that it would have denied to Britain the preferential treatment normally reserved to "most favoured nations". William Huskisson, the President of the British Board of Trade, upon whose advice George Canning mainly relied, opposed the treaty claiming that it contained "everything which the United States could wish for in such an instrument."<sup>28</sup> George Canning and Huskisson believed that there was nothing in the treaty, with the exception of the provision reserving the power to grant special favours to the other Spanish American states, that the United States would not have been willing to put into its own commercial treaty with Mexico.<sup>29</sup>

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27. J.F. Rippey "Britain's role in the Early Relations of the United States and Mexico", H.A.H.R., Vol.VII, 1927, p.8.
28. Huskisson to Canning, August 20, 1825, Huskisson Papers, XIV, M.S., British Museum, London.
29. J.F. Rippey, Rivalry of the United States and Great Britain over Latin America 1808-1830, The Johns Hopkins' Press, Baltimore, 1929, p.275.



Canning and Huskisson regarded the treaty as being most favourable to Mexico, and so at variance with British policy. It was obvious to them that the British Commissioners in their friendly fervour for Mexico had exceeded their instructions. Canning singled out Article VIII of the treaty as one which Britain at all cost could not accept.<sup>30</sup>

Canning could not agree to this concession for in his argument, it implied the abandonment of international law. He was not prepared to abandon principles never before conceded to any other country, not even Britain's European allies. He also rejected the second part of that article because it relinquished the right to embargo of which only the country imposing it could judge.<sup>31</sup> The fact that it held temporary advantages for Britain, did not move him to give up the principles held by the British government.

It is James F. Rippy's argument that the British pursued the treaty with the spectre of American privateers and merchantmen constantly before them. They feared that in time of peace the Americans might profit by placing their vessels under the Mexican flag. Also in case of a war between Britain and the United States, in which Mexico should be a neutral, the latter would certainly transfer the whole of their commerce to the Mexican flag.<sup>32</sup>

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30. W.F. Cody, British Interests in the Independence of Mexico, Ph.D. Thesis, p.242. The British Commissioners had conceded to the Mexican demand that Mexican citizens and their property received on board a British man-of-war (naval ship) should be covered and protected by the British flag. They also agreed that Mexican citizens or their property "embarked on board in British merchant vessel" could be "esteemed as much under the protection of the British flag, as the persons, property or effects of the most favoured nation". See Also F.O. 50/9 George Canning to H.G. Ward, No.9, September 9, 1825.
31. F.O. 50/9 George Canning to H.G. Ward, No.9, September 9, 1825.
32. J.F. Rippy, Rivalry of the United States and Great Britain over Latin America 1808-1830, p.275.

George Canning also objected to the second part of Article IV because it would have given Mexico the right to grant special terms to countries that might recognize her in future. Canning feared that this would take away all certainty for Britain, and thus making it not worthwhile for his country to sign this treaty.<sup>33</sup>

Canning also opposed the article for giving Mexico the right to grant special concessions to her sister states. It was his argument that Mexico should not grant such concessions since Colombia and Buenos Aires (Argentina) had not done the same for her. Canning was also not happy with Articles V and VI which dealt with the admission of ships to the ports of Britain and Mexico. He felt that these two articles gave more advantages to Mexico than they did to Britain. He also feared that they could in future grant greater advantages to other nations than they did to Britain.<sup>34</sup>

On Article VII he was not prepared to grant concessions, as to the admission of Mexican ships, which Britain had not already granted to her allies. He was however prepared to make concessions for a limited period of time while the Mexicans were building up their own marine fleet.<sup>35</sup> He also rejected the Additional Article which reserved for Mexico the right to grant to Spain, greater commercial privileges above all

33. F.O. 50/9 George Canning to H.G. Ward No.9, September 9, 1825.

34. F.O. 50/9 George Canning to H.G. Ward, No.9, September 9, 1825.

35. F.O. 50/9 George Canning to H.G. Ward, No.9, September 9, 1825. Mexico had insisted that since she did not possess her own merchant fleet, the flag should be allowed to be used by ships of other nations. Britain opposed such a proposal for fear that such a move would benefit the United States to the disadvantage of the British.



other nations. Britain was only prepared to accept this move only for a limited period of time provided that she too was regarded by Mexico as a "most favoured nation". He therefore rejected this Article on the ground that it was a "poor return to the British spirit of generosity and self-denial."<sup>36</sup>

Canning rejected this article because the clause was worded so loosely that it would have allowed the United States to obtain special concessions. William Huskisson was of the opinion that it would leave Mexico "at liberty to grant to Spain greater privileges than to England," while restraining her "from giving to Spain the like advantage over the United States of America."<sup>37</sup> In brief the treaty contained too many provisions in favour of neutral countries without their own merchant fleets, while Britain was seeking to guard the interests of a great belligent maritime power.

After rejecting the treaty Canning inserted Additional Articles to be negotiated again in Mexico by James Morier and H.G. Ward. The appointment of a British Minister plenipotentiary was to depend on the ratifications of this treaty.<sup>38</sup>

Mexico was very reluctant to give up the right it had reserved to her self to grant special concessions to her sister states, and to

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36. F.O. 50/9 George Canning to H.G. Ward, No.9, September 9, 1825.

37. F.O. 50/18 William Huskisson to George Canning, July 25, August 3, and September 8, 1825; and F.O. 50/9 George Canning to H.G. Ward, No.9, September 9, 1825.

38. F.O. 50/9 George Canning to H.G. Ward, No.10, September 9, 1825. The British government returned the treaty to Mexico after explaining its objections to the Mexican envoy, Vincente Rocafuente who was in London for the exchange of Ratifications.



accept British request for religious toleration.<sup>39</sup> As a result of his Mexican stand negotiations dragged for a long period. Mexicans were convinced that Britain needed as much as they did to have the treaty ratified, and were therefore not prepared to sign any treaty which was not beneficial to them.

Despite pleas by George Canning President General Victoria was not prepared to give further concessions to Britain on the question of religious concession. This was because the Mexican Constitution only allowed the practising of the Roman Catholic faith. General Victoria was not prepared to amend the Constitution for fear of public hostile reaction. He argued that to agitate the question of religion "would throw the whole country into such a ferment that the most fatal consequences might be expected to ensue."<sup>40</sup>

The Mexicans were also not prepared to agree to the provisions of the amended treaty which tended to limit the development of their shipping. The new British project for the treaty defined a Mexican vessel as one built in Mexico and owned by a citizen or citizens of thereof, provided its master and three-fourths of its crew were Mexicans. The Mexican government objected to this definition because it was also eager to employ sailors from other countries, and ships of every construction.<sup>41</sup>

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39. F.O. 50/15 H.G. Ward to George Canning, No. 69, Mexico, December 16, 1825, and F.O. 97/271 James Morier and H.W. Ward to George Canning, No. 1, Mexico, January 15, 1826. Fresh negotiations began on January 20, 1826.
40. F.O. 72/271 James Morier and H.G. Ward to George Canning, No. 1, Mexico, January 15, 1826.
41. J.F. Rippey, Rivalry of the United States and Great Britain over Latin America 1808-1830, The Johns Hopkins Press, Baltimore, 1929, p. 277-278. On January 26, 1826, President Victoria decided to send his Secretary for Foreign Affairs, Sebastian Comacho accompanied with James Morier to Britain in order to discuss this point with Canning.

President Victoria was very anxious to have the treaty signed and Ratifications exchanged. He therefore decided to send Sebastian Camacho, the Mexican Foreign Secretary to London to hold further negotiations with George Canning to settle the differences between the two countries. The Mexican senate refused to authorize such a step arguing that such an act was derogatory to the dignity of Mexico. It argued that a Mexican minister if sent to Britain would not be received with "suitable distinction" since the British government was not prepared to formally recognize the independence of Mexico.<sup>42</sup> Henry George Ward did however manage to canvass support among pro-British senators and leaders like General Bravo to support president Victoria's decision to send a Mexican official to Britain. The Mexican Senate therefore voted on April 23, 1826 by a majority of 23 to 4 votes in favour of sending the Mexican Foreign Secretary, Sebastian Camacho to Britain.<sup>43</sup>

Sebastian Camacho therefore travelled to London where together with British representatives, William Huskisson, the president of the British Board of Trade, and James Morier, signed on December 26, 1826, the treaty of Amity, Commerce and Navigation. Britain made slight concessions in

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42. F.O. 50/20 H.G. Ward to Canning, No.22, Mexico, 25 March 1826. The American Minister in Mexico, J.R. Poinsett was behind this Senate refusal. He managed to persuade pro-American senators like Esteva and Tornel to oppose the sending of a Mexican diplomat to London. Poinsett did not want Sebastian Camacho to proceed to London because the absence of the Mexican Secretary of Foreign Affairs from Mexico would have delayed his own negotiations regarding pecuniary claims for United States.

43. F.O. 50/20 H.G. Ward to Joseph Planta, Jnr, Mexico, April 8, 1826.



the course of these negotiations, and later in February the treaty was sent to Mexico for ratification. The Mexican Senate easily ratified the treaty without opposition.<sup>44</sup>

#### The Exchange of the Ratifications

President Victoria, who was eager for British recognition, thanked the Mexican Senate for ratifying the treaty which he claimed would have "so much influence on the progress of (Mexico's) credit on the civilized world." He promised the Senators that the exchange of the Ratifications in London would be followed by an exchange of minister plenipotentiaries by the two countries. He was happy that the Mexican minister would enjoy "that honourable rank in the capital of a country (Britain) which exercises too much influence over the destinies of Europe."<sup>45</sup>

On 19 July 1827 the Ratifications of this treaty were exchanged in London between the British Foreign Secretary, Viscount Dudley, and Sebastian Camacho. This treaty (See Appendix I) secured for the two countries, and especially for Britain, the freedom of commerce and navigation.<sup>46</sup> It provided that there should be no prohibitions, not extended equally to other nations, on the exportation of goods which were "the growth, produce, or manufacture" of the two countries. It

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44. J.F. Rippey, Rivalry of the United States and Great Britain over Latin America 1808-1830, p.284.

45. President Victoria's speech to the Mexican Congress, May 21, 1827, enclosed in F.O.50/34, No.16, Pakenham to Canning, Mexico, 22 May, 1827.

46. For the full text of this treaty see Appendix I of this thesis or (British) Parliamentary Papers, Vol.XX,VII,1828,p.3-13, and British and Foreign State Papers, Vol.14,1826-1827.



also provided that the same duties were to be charged on imports whether in British or Mexican ships.<sup>47</sup> The treaty also guaranteed that the merchants, commanders of ships, and other subjects of the two countries, were to have the freedom of managing their own affairs in each other's territories. The treaty also granted civil liberties, the right for people to choose their own attorneys and lawyers, and exempted each other from compulsory military services and forced loans.<sup>48</sup>

The two countries agreed to appoint consuls to each other's territories and dominions for the protection of their commerce. These consuls were to enjoy the same exceptions, privileges and immunities granted to diplomats of most favoured nations.<sup>49</sup> Article XII guaranteed the continuity of commerce in case of rupture of relations between the two countries: In case of disrapture of relations merchants of the contracting parties were to be given between one year and six months to wind up their business.<sup>50</sup>

Article XII guaranteed the freedom of worships to the Subjects of the two countries. British Subjects in Mexico were to enjoy in their houses, persons, and properties, the protection of the Mexican government. They

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- 47. Treaty of Amity, Commerce and Navigation, between Great Britain and Mexico - signed at London, December 26, 1826, Article IV.
  - 48. Treaty of Amity, Commerce and Navigation, between Great Britain and Mexico - signed at London, December 26, 1826, Article VIII.
  - 49. Treaty of Amity, Commerce and Navigation, between Great Britain and Mexico, signed at London, December 26, 1826, Article XI.
  - 50. Treaty of Amity, Commerce and Navigation, between Great Britain and Mexico, signed at London, December 26, 1826, Article XII.

were not to be disturbed, molested, or annoyed, in any manner on account of their religion provided they respected that of the Mexican people. Religious freedom was also extended to Mexicans in British dominions.<sup>51</sup>

Britain was also able to secure from Mexico her cooperation in the abolition of the slave trade (See Chapter VI). The first Additional Article suspended for a period of ten years Article VII which defined what constituted a Mexican ship. Since Mexico as a young nation did not have a shipping industry, Britain was prepared to let her acquire ships from whatever source. This was on condition that these ships should be owned by the Mexicans and three-quarters of the crew were Mexicans.<sup>52</sup> The second Additional Article also suspended for ten years Articles V and VI, and provided that British goods imported into Mexico were to pay the same amount of duties as those paid by the most favoured nations. This same right was also granted to Mexico, but it is clear that Britain being the leading industrial nation in the world, gained the most.<sup>53</sup>

Apart from the total freedom of worship for British Subjects in Mexico, Britain secured in principle everything it wished for from this Latin American state. Britain secured for her Subjects all the necessary requirements for conducive conditions to carry on their business in Mexico

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- 51. Treaty of Amity, Commerce and Navigation, between Great Britain and Mexico - signed at London, December 26, 1826, Article XII.
  - 52. Treaty of Amity, Commerce and Navigation, between Great Britain and Mexico - signed at London, December 26, 1826, Additional Article I.
  - 53. Treaty of Amity, Commerce and Navigation, between Great Britain and Mexico - signed at London, December 26, 1826, Additional Article II



successfully. They gained the freedom of trade and navigation, and religious liberties, exemption from compulsory military service and force loans (which Mexico at several times violated), and the treatment of a most favoured nation.<sup>54</sup> On her part Mexico secured the friendship of the leading industrial nation in the world, and protection from European aggression.

The recognition of Mexico's independence by Britain was mainly due to the pressures exacted by the British Commercial Community interested in the wealth of this Latin American state. Recognition was also motivated by Canning's fear of the ambitions and ascendancy of the United States into Latin America. Canning believed that British recognition of Mexico would enable Britain to erect a powerful barrier to the spreading of the United States influence southwards.<sup>55</sup> It was therefore his motive to create a powerful influence in Mexico if British commercial interests were to be secured. For the same reasons he was also opposed to European intervention on behalf of Spain which would have led to the resources of Mexico falling to the french.

Canning was however not prepared to ratify any commercial treaty with Mexico which did not grant Britain the privileges of a "most favoured nation." Thus with his confidence and pride in the prestige of Britain in Latin America, and his conviction that Britain's strength as a commercial and manufacturing nation could meet competition on equal terms with any other nation, Canning formed the elements of Britain's foreign policy

54. See the Treaty of Amity, Commerce and Navigation signed between the two countries, Article X. For details on Mexico's violation of this article see Chapters 8 and 10 of this thesis.

55. Harold Temperley, "The Later American Policy of George Canning" in American Historical Review, Vol. XI, 1906, p. 781-782.



towards Mexico. "A commercial treaty, clearly drawn to provide 'fair' play for the rivalry of all powers in the Mexican trade, was the bedrock on which British policy was to be established."<sup>56</sup> The commercial treaty thus ratified, granted to the British Subjects the fullest possible range of freedom to enter and 'develop' the economy of Mexico on most advantageous terms.

As for Mexico, it gained the friendship of the most influential European nation, 'protection' from any possible European intervention on behalf of Spain, and most of all, the much needed foreign investments to revive her economy which had been crippled by the wars of independence and by the withdrawal of the only circulating capital by the peninsulares fleeing from possible persecution.<sup>57</sup>

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56. W.F. Cody, British Interests in the Independence of Mexico, Ph.D.Thesis, p.471.

57. For details on British investments See Chapter 7 of this thesis.

CHAPTER IV THE ESTABLISHMENT OF THE BRITISH INFLUENCE IN MEXICO: RIVALRY  
BETWEEN GREAT BRITAIN AND THE UNITED STATES OF AMERICA

The British Foreign Secretary, George Canning, considered the establishment of cordial relations between Britain and Mexico as the key to his "Later American policy."<sup>1</sup> He believed that the British recognition of Mexico's independence had created for Britain "the opportunity (but it may not last long) of opposing a powerful barrier to the influence of the U(nited) S(tates) by an amicable connection with Mexico." He believed that by Britain 'planting' itself in Mexico it would avert the greatest danger of the time - i.e.

..... a division of the World into European and American, Republican and Monarchical; a league of worn-out Governments, on the one hand, and of youthful and stirring Nations with the United States at their head, on the other.<sup>2</sup>

Canning feared that the United States aimed at excluding all the European powers, and especially Britain from this region. He therefore believed that Mexico which "in point of population and resources (was) at least equal to all the rest of the Spanish colonies; and may naturally expect to take the lead in its connection with the powers of Europe", could act as a buffer to check the spreading of the United

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1. H.W.V. Temperley, "The Later American Policy of George Canning," in American Historical Review, Vol.XI, 1906,p.781.

2. George Canning to John Hookam Frere, 8 January 1825 in Gabrielle Festing, J.H. Frere and His Friends, London, 1899,p.265.

influence into Latin America.<sup>3</sup> His main concern was primarily to safeguard the enormous economic interests that the British had in Mexico. By the mid 1820's British Subjects had invested heavily in the silver mines and commerce of that country. Britain also considered Mexico as one of the major sources of raw materials needed by the British industries. It was also considered as a ready market for British textile and hardware goods.<sup>4</sup>

It was therefore important for Britain to safeguard this potential market which she feared that the United States aimed to monopolise to the exclusion of all European powers. Canning saw the Monroe Doctrine which clearly spelt out the policy of the United States in the Americas, as a threat to the economic prosperity of Britain. He was therefore determined to see that Mexico's resources did not fall under the United States' umbrella.<sup>5</sup> Canning therefore instructed British diplomats in Mexico to counteract the designs of the United States, and establish a

3. J.F.Rippy, "Mexico the buffer", in Historical Evolution of Hispanic America, Basil Blackwell, Oxford, 1932, p.374. George Canning feared that the United States aimed at connecting itself with all the powers of America in a general Trans-Atlantic league of which it would have sole direction. Canning's plan was therefore to detouch these nations from an alliance with or dependence on the United States. This was for both economic and strategic reasons. An all-American alliance in times of war would have been to the disadvantage of Britain.
4. F.O. 50/32 H.G.Ward to George Canning, London, December 30, 1827, and H.W.V. Temperley, The Foreign Policy of George Canning 1822-1827, G. Bell and Sons, 1925, p.553. See also Chapter 8 for details on trade.
5. H.W.V. Temperley, "The Later American Policy of George Canning", in American Historical Review, Vol. XI, 1906, p.782.



dominant British influence in that country.<sup>6</sup>

From the beginning Britain had an advantage over the United States in this region. Latin Americans regarded Britain as a great liberal power dedicated to their protection against European aggression. Mexico looked to Britain, a great naval power and a leading industrial nation, for an alliance against possible aggression into her territories. She feared that the U.S. policy of 'Manifest Destiny' spelt danger to her security. She therefore looked to Britain for protection against the United States policy of expansionism.<sup>7</sup>

The influx of British capital into Mexico helped to restore Mexican mines, revive agriculture and industry, and enabled her to enjoy a short period of comparative stability. The first American Minister to Mexico observed that:

The large sums of money introduced into the country by the English mining companies, contributed in no small degree to the prosperity of the people. Their trade increased to a surprising degree, and the whole country wore the appearance of abundance.

The treasury was over flowing, pensions and salaries were paid with punctuality.<sup>8</sup>

6. Joel Poinsett, The American Minister to Mexico (1825-1829) claimed that George Canning had sought to excite a sentiment of hostility towards the United States, with a view of strengthening British interests. See William R. Manning (ed.), Diplomatic Correspondence of the United States Concerning the Independence of Latin American Nations, Vol. III, O.U.P., New York, 1925, p. 1677.
7. C.H. Gardiner, "The Role of Guadalupe Victoria in Mexican Foreign Relations," in Revisita de Historia de America, No. 26, December 1948, p. 379.
8. J.R. Poinsett to Martin Van Buren, Mexico, March 10, 1829, in William R. Manning, (ed) Diplomatic Correspondence of the United States .... Vol III, O.U.P., New York, 1925, p. 1766.

The revival of the Mexican economic with British capital increased British influence in Mexico, and the treaty of Amity, Commerce and Navigation signed between the two countries on December 26, 1826, enhanced the position of Britain in that country. Britain was able to secure from Mexico the treatment of "a most favoured nation".<sup>9</sup> British interests in Mexico were marched by the Mexican eagerness for British friendship and investments.<sup>10</sup>

British merchants quickly replaced the peninsulares as the new entrepreneurs. Mining enterprises were floated in London where the British public speculated heavily, pouring millions of pounds to revive mining and commercial activities in Mexico. Mexico was also able to secure loans negotiated with two British finance Houses:- B.A. Goldshmidt and Co., and Barclay, Herring, Richardson and Co.<sup>11</sup>

The British Chargé d' Affaires in Mexico, Henry G. Ward, was responsible for championing the British cause and to him the British owe the establishment of their dominance in that republic. Ward was full of ardent patriotism, great enthusiasm for the British Foreign Secretary

10. President Victoria cultivated British friendship in the hope of gaining her protection against possible European aggression to restore Spanish authority. He also looked to Britain for financial help to restore Mexico's <sup>diverstated</sup> mines and economy which the Mexican Wars of Independence almost paralyzed. See C.H. Gardiner, "The Role of Guadalupe Victoria in Mexican Foreign Relations," In Revisita de Historia de America, No.26, December 1948, p.379.
11. N.Ray Gilmore, "Henry George Ward, the British Publicist for Mexican Mines", in Pacific Historical Review, Vol.32, 1963, p.37 .For details concerning the two loans see Chapter 9 of this thesis.



George Canning, and an eagerness to make a career for himself.<sup>12</sup> In promoting the interests of his country, Ward was able to cultivate the leading Mexican leaders into the British fold. President Guadalupe Victoria, his private Secretary J.M. Tornel, and his Secretary for External Relations Lucas Alamán, were all pro-British.<sup>13</sup>

In promoting British interests, H.G. Ward made the British mission "a rendezvous for all those, who had declared themselves in favour of the cause of Great Britain."<sup>14</sup> In order to secure the signature of ratification of the treaty of April 6 1825, he distributed small gifts with a free hand and entertained at elaborate banquets. Between April 5, 1825, and July of that year Ward gave over \$7,000 towards this end. By the end of the year, in preparation of the treaty, Ward had spent over \$22,000. In fact, in the course of less than two years (1825-1827) he had spent more than \$50,000 in making his mission the "rendezvous of the Friends of England."<sup>15</sup>

After 1825 Ward directed his attention vigorously to the American minister Joel R. Poinsett, whose policies he regarded as being detrimental to the interests of the British government. The years 1825-1827 therefore

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12. J.F.Rippy, Rivalry of the United States and Great Britain over Mexico (1808-1830) The John Hopkins Press, Baltimore, 1929, p.260.

13. Joel Roberts Poinsett, United States Minister to Mexico, to Henry Clay, Secretary of State of the United States, Mexico, 4, 1825, in William R.Manning (ed) Diplomatic Correspondence of the United States ..... Vol.III, p.1626.

14. F.O. 97/272 H.G. Ward to George Canning, Mexico, August 17, 1825.

15. F.O. 97/272 H.G. Ward to George Canning, Mexico, August 17, 1825, and J.F. Rippy, Rivalry of the United States and Great Britain over Latin America (1808-1830), p.261, 265 and 285.



saw a great rivalry between these two diplomats in an effort of spreading the influences of their respective countries into Mexico. They both tried to establish the dominance of their countries at the expense of each other and their governments. They became involved in Mexico's internal politics, and neither employed methods entirely above reproach to gain influence with the Mexican executive and Congress.<sup>16</sup>

Though Mexico was eager to establish good relations with the two powers, President Victoria because of his conservative learnings, showed a bias in favour of Britain. His Mexican administration repeatedly revealed sentiments of gratitude and cordially towards Britain.<sup>17</sup> In April 1824, a public celebration of the birthday of the British monarch was seriously considered. Early the following year Lucas Alamán as Secretary for External Relations, in his report to the Mexican Congress, gave credit to Britain for checking the designs of the Holy Alliance against Mexico.<sup>18</sup> Furthermore the appointment of H.G. Ward as

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16. J.F. Rippey, "Britain's role in Early relations of the United States and Mexico," in Hispanic American Historical Review, Vol.III,1927, p.8-9. The two diplomats' involvement in Mexico's internal politics supported the Escosés (Scottish Rite Lodge) who were conservative and pro-British in outlook, while Polinsett patronized the Yorkinos (York Rite Lodge) who were both liberals, republican and pro-United States.
  17. J.F. Rippey, Rivalry of the United States and Great Britain over Latin America (1808-1830), p.250.
  18. "Report of the Minister of the Internal and Foreign Relations to the Congress of Mexico - 11 January, 1825," in British and Foreign State Papers, Vol.12,1824-1825,p.984-985.

British Charge d' Affaires was very enthusiastically received by the Mexican government. In a reception granted to Ward, General Victoria expressed deep gratitude for the services of Britain and referred to her as the great nation which was accustomed to sustain the liberties of the world.<sup>19</sup> Mexican officials were profoundly touched by the news that the British government had decided to recognize their independence, and the celebration of this good news lasted for more than a week.

Mexico looked to the United States with distrust and suspicions as to its designs on Mexican frontier states of Texas, California and New Mexico, etc. Don Luís de Onís, while agent of the Spanish government in the United States (1809-1820) had filled the Mexican archives with alarming accounts of the ambitions of the American government and had published a memorial in 1820 representing the Americans as desiring to expand southward immediately to Panama and ultimately to the regions of the New World.<sup>20</sup> These reports aroused for the Americans among the Mexican leaders. The menacing attitude of American frontiersmen and utterances of dissatisfaction with the Western boundary of Louisiana deepened this distrust into anxiety; and before Polinsett arrived in Mexico in May 1825, the Mexican envoy at Washington had been directed to sound the Adams administration on the question of limits.<sup>21</sup>

19. F.O. 50/13 H.G. Ward to George Canning, Mexico, No.5 and enclosure (Address of Guadalupe Victoria, President of Mexico, to the British Charge d' Affaires, May 31, 1825) June 1, 1825.

20. J.F. Rippey, Rivalry of the United States and Great Britain over Latin America (1808-1830), The Johns Hopkins Press, Baltimore, 1929, p.252.

21. William R. Manning, Early Diplomatic Relations between the United States and Mexico, Baltimore, 1961, p.1-88, and La Diplomacia Mexicana. Pequena Revista Historica, Mexico City, 1925, p.9-12.



This fear and anxiety explains why Mexico learned more in favour of Britain than the United States. Ward points out that:

Mr. Poinsett .... upon his arrival here (Mexico) found H.M.'s Government in possession of that influence to which it has so just a claim. He found the president and ministers satisfied with the conduct of England, and her character standing high with the generality of the people.<sup>22</sup>

Poinsett in fact observed that:

It is manifest that the British have made good use of their time and opportunities. The president and three of the secretaries of State, treasury and ecclesiastical affairs are in their interest<sup>23</sup>

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22. F.O. 50/14 H.G.Ward to George Canning, Mexico, September 30, 1825 (Most Private and Confidential).
23. Joel Roberts Poinsett, United States Minister to Mexico, to Henry Clay, Secretary of State of the United States, Mexico, June 4, 1825, in William R. Manning (ed.), Diplomatic Correspondence of the United States .... Vol.III, p.1626



Poinsett however did not agree with Ward's observation that the majority of the Mexicans were pro-British, for he continues in this despatch to Henry Clay, the United States' Secretary of States, to claim that:

We (the Americans) have a very respectable party in both houses of Congress and a vast majority of the people are in favour of the strictest union with the United States - they regard the British with distrust.<sup>24</sup>

Poinsett was convinced that he could not alter the sentiments of the Victoria administration, and he therefore cultivated the opposition in order to bring pressure to bear upon the Mexican government to favour his country. The pro-British attitude of the Mexican ministers convinced him that his negotiations with the Mexican government for treaties concerning commerce and boundary limits, and his instructions to encourage republicanism, could only be achieved by cultivating Congress-men rather than the Mexican executive.<sup>25</sup>

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24. Ibid

25. J.R. Poinsett to Henry Clay, Mexico 27 July 1825, in Carlos Bosch Garcia (ed), Material Para la Historia Diplomatica de México (México y Los Estados Unidos, 1820-1848) Universidad Nacional Autónoma de México, Mexico City, 1957, p.41. Poinsett's instructions included the laying of foundations of an intercourse of Amity, Commerce and Navigation, and neighbourhood which "may exert a powerful influence for a long time upon the prosperity" of the United States and Mexico. He was to bring to the attention of the Mexican government the kindly feeling and sympathy with which the United States had looked upon the long struggle of the new States against the tyranny of Spain; the fact that the United States had recognized the independence of Mexico before any other nation had done so; and the message of President Monroe warning European powers to keep off the affairs of the Americas. Besides explaining to the Mexican politicians, the workings of the American Constitution, he was to point out that the United States expected no special privileges than those already extended to other nations. See Henry Clay to J.R. Poinsett, Washington, March 26, 1825 in Carlos Bosch Garcia, Op.Cit. p.25-29.

Poinsett therefore believed that if he was to promote the interests of his country and counteract British influence, a change had either to be effected to the Mexican administration or for the Mexican government to be controlled by the Congress of Panama.<sup>26</sup> Therefore<sup>he</sup> encouraged the formation of York Rite Masonic lodges which soon became the political machinery of the opposition. The growth of masonic lodges<sup>so</sup> greatly alarmed President Victoria that he quickly assured Poinsett of his friendly disposition towards the United States. Poinsett used methods that involved him in the domestic affairs of Mexico in an effort to recover for his country the prestige it had lost by the delay in negotiating a commercial treaty.<sup>27</sup> He promoted republicanism in an effort to preserve republican institutions in Mexico against the spread of monarchical doctrine by the British. He was therefore bent to see that the British do not consolidate their influence in Mexico.

Poinsett built the opposition from strength to strength, and advised them to oppose any pro-British legislation. His association with the opposition therefore increased the distrust and suspicion of the Mexican government of the intentions of the United States in Mexico. The Mexican government therefore decided to delay the satisfactory conclusion of pending negotiations with Poinsett.<sup>28</sup>

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26. J.R. Poinsett to Henry Clay, Mexico, 27 July 1825, in Carlos Bosch Garcia, Op.Cit.41.

27. James Morton Callan, American Foreign Policy in Mexican Relations, the Macmillan Co., New York, 1932, p.36.

28. James Morton Callan, Op.Cit. p.35.



Ward became so alarmed by Poinsett's activities, and especially the formation of an 'American Party' which was hostile to British interests, that he began sending alarming reports to George Canning. Ward feared that Poinsett was trying to convince the Mexicans that there existed between them and their brethren in the north a community of interests in which no European power could share.<sup>29</sup>

Ward observed:

It is impossible for me not to confess that in organising a party both amongst the deputies and senators, Mr. Poinsett has shown extraordinary ability ..... there is no doubt that he could command a majority (upon many questions), even against the wish of the government.<sup>30</sup>

Ward feared that the Masonic lodges that he accused Poinsett of introducing in Mexico and of which he was the grand master, aimed at facilitating intrigues of all kinds against European powers, and

29. F.O. 50/14 H.G. Ward to George Canning, No.32, Mexico, September, 22, 1825.

30. F.O. 50/14 H.G. Ward to George Canning, Most Private and Confidential, Mexico, September 30, 1825.



especially Britain.<sup>31</sup> He believed that it was Poinsett's object to systematically erode British influence. He therefore lost no time in:

Seiz(ing) upon every opportunity to discredit Poinsett, carrying to the Mexican President numerous reports of the American envoys utterances and making frequent appeals to the personal prejudices of this chief executive.<sup>32</sup>

The British Charge d'Affaires had no scruples in dealing with Poinsett. He convinced President Victoria that it would be disgraceful to allow himself to be brow-beaten in his own capital by the intrigues of a foreigner.<sup>33</sup> The Mexican government therefore rejected all the proposals by the pro-American Congress to grant the United States

31. F.O. 50/14 H.G. Ward to George Canning, Mexico, Most Private and Confidential, September 30, 1825. The idea of introducing Masonic lodges into Mexico was conceived by José Maria Alpuche e Infante, Curate of a parish in the State of Tabasco, in 1825. He was aided by Ignacio Esteva, Mexican Secretary of Treasury, Miguel Ramos Arispe, Canon of the Cathedral of Puebla and the first Assistant of the Secretary of Justice, Colonel José Antonio Mejía, and others. Poinsett was only asked to secure the regulatory letters or Paterits. See W.H. Callcott, Church and State in Mexico, 1822-1857, Octagon Books, New York, 1971, p.51.

32. J.F. Rippey, "Britain's Role in the Early Relations of the United States and Mexico," in Hispanic American Historical Review, Vol.VII, 1927, p.10.

33. F.O. 50/14 H.G. Ward to George Canning, Mexico, Most Private and Confidential, September 30, 1825.

privileges above those granted to Britain. The Mexican government rejected Poinsett's proposals to reduce duties upon American goods imported overland, and also refused to repeat the clause in the treaty to be signed with the United States that reserved for Mexico the power to grant her sister states special concessions above other nations.<sup>34</sup>

It is clear that the policies of both Britain and the United States in Mexico were not complementary but hostile to each other.<sup>35</sup> They were both interested in establishing spheres of influence in Mexico, and therefore regarded each other with suspicion. Poinsett saw Britain as being opposed to anything that was pro-American. He also regarded British interests in Mexico as being detrimental to that of his country. Ward on the other hand believed that Poinsett aimed at stultifying European projects and influences in Mexico; to produce Mexican territory for his country; and to negotiate a commercial treaty which would embody the maritime principles of the United States and grant important privileges to her merchants - and all these aims were opposed to British commercial interests.<sup>36</sup>

34. Ibid.

35. While Canning regarded the policy of the United States in Mexico as being detrimental to that of Britain, Poinsett regarded the policy of the British government as being against the interests of his country. It was therefore his aim to see that Britain did not acquire unbound influence in Mexico.

36. J.F. Rippey, Rivalry of the United States and Great Britain over Latin America (1808-1830), p.258.



It is clear that the United States regarded herself as the leader of American nations, and it was therefore not prepared to be relegated to a secondary role. It was therefore important to bring Mexico under her sphere of influence. On the other hand, though Britain maintained that her interests in Mexico were only commercial, this could only be achieved by first establishing a dominant political influence.

Poinsett and Ward therefore involved themselves in bitter rivalry to establish a dominant influence for their respective countries in Mexico. Ward accused Poinsett of encouraging the publication of propaganda calculated to formant suspicion against Great Britain, and of advancing the commercial and political aspirations of his country which were to the disadvantage of the British.<sup>37</sup> On the other hand, Poinsett accused Ward of publishing literature designed to prevent the negotiation of a satisfactory commercial treaty with Mexico. He accused Ward of spending enormous funds in preparing a map of Texas and reprinting Onís Memorial reminding the Mexicans of the United States' designs to annex Texas.<sup>38</sup>

37. J.F. Rippey, Rivalry of the United States and Great Britain over Latin America (1808-1830), p.249.

38. Ibid, p.259-260. On 22 September 1825 Ward called the attention of George Canning to the designs of the United States upon Texas, and of the consequences to the British trade, with which their occupation of that state might be attended, by throwing into the U.S. hand the white command of the Gulf of Mexico, and enabling them to close the ports of Mexico on the Atlantic side at their pleasure. Ward was convinced that the acquisition of Texas and the ultimate extension of the American frontier to the Rio Bravo del Norte, was the object of Poinsett's mission to Mexico. See FO/32B Ward to Canning, Confidential, Mexico, 21 September, 22, 1825, F.O. 50/20 Ward to Canning, Nos. 15, 18 and 20, March 1826, and F.O. 50/15 despatches Nos. 54 and 64.



The two diplomats also impeded the signing of commercial treaties between their rivals and Mexico. Ward also refused to support Poinsett's move to get Mexico to repeal the clause that gave her the right to grant special privileges to Spanish American States.<sup>39</sup>

Poinsett encouraged a federal and republican system of government politically isolated from Europe. To counteract the growth of the Escoceses (The Scottish Rite Lodges) which Ward patronized, Poinsett transformed the Yorkinos into a formidable party. He advised the Yorkinos to unite, to organise themselves, establish newspapers, and to bring the whole weight of their number to bear upon the elections in order to effect a great moral change." The Yorkinos were therefore able to win states elections in 1827 with Poinsett's expert help.<sup>40</sup>

39. F.O. 50/14 H.G. Ward to George Canning, Mexico, No.32, September 6, 1825. When Poinsett pressed for a speedy settlement of commercial issues and boundary settlement with Mexico, he encountered insuperable difficulties. Mexico refused at the inclusion of the principle of reciprocity to the commercial treaty to be signed with the U.S.A., and was only prepared to treat the latter on the same basis as had been applied to Britain. Poinsett opposed the clause that reserved for Mexico the power to grant special concessions to Spanish American states, for it would have interfered with the American plan of wanting to dominate the region. Ward refused to support Poinsett in an effort to get Mexico to repeal this clause, for fear of promoting American interests.

40. J.R. Poinsett to Martin Van Buren, Secretary of State of the United States, Mexico, March 10, 1829, in William R. Manning(ed), Diplomatic Correspondence of the United States ....., Vol.III, p.1681.

Despite Poinsett's efforts to reorganise the Yorkinos, Ward regarded Congress decision to sanction Sabastian Comacho's trip to London on 23 April 1826 by a majority of 19 votes as a great victory for Britain. He regarded the sanction as a heavy blow to Poinsett, for his supporters in Congress had decided to abandon principles which they upheld against the Mexican government.<sup>41</sup> From then on the fortunes of Poinsett were on the decline, and Ward seems to have won the battle to consolidate British influence. However, at the beginning of 1827 the British government bent on economy recalled Ward. In the course of the two years as Charge' d' Affaires, he had spent over \$50,000 to consolidate the British influence in Mexico.<sup>42</sup>

#### Pakenham Relations with Poinsett

Henry George Ward was succeeded by Richard Pakenham as British Minister in Mexico.<sup>43</sup> Relations between Pakenham and Poinsett were

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41. F.O. 50/21 H.C. Ward to George Canning, Mexico, No.53, Secret and Confidential, May 29, 1825.
  42. Ward left Mexico in April 1827, with income diminished by disallowed accounts, and a gloomy pessimism regarding his future career. In 1832 he entered Parliament as M.P. for St.Albans and in 1837 to 1849 changed this seat to Sheffield. He then became Lord High Commissioner of the Ionian Islands till 1855, and in 1860 became the Governor of Madras in India where on 2 August he died of Cholera.
  43. Richard Pakenham entered the diplomatic service on 15 October 1817 as attache to his uncle, the Earl of Clancarty, at the Hague. On 26 January 1824 he was made the Secretary to the legation in Switzerland, and he was on 29 December transferred to Mexico, where he held the same post. On 12 March 1835 he was promoted to the post of Minister Plenipotentiary.



generally calm and lacked the flavour of the past two years. Britain and the United States continued to support opposing policies and remained suspicious of each other. Poinsett regarded Richard Pakenham as a rival ready to oppose the interests of his country. The latter however maintained a low profile and kept away from domestic affairs of Mexico.<sup>44</sup> He observed and reported events, seldom using unfair means to gain advantage for his country over that of the United States.

Pakenham observed that Poinsett identified himself with a group of people (Yorkinos) whose aim was to effect a revolution. He had very low opinion of 'the 'American party' which he regarded as being composed of "rascals and ignoramises of Mexico."<sup>45</sup> It was his belief that the sympathies of respectable people would be with the Escoceses. It was his belief that Poinsett was "endeavouring by any means, or at any expense of character and principle, to prevent the tranquility and prosperity of Mexico." It was his aim to see that the Yorkinos came to power for it would then help advance his country's interests. Pakenham believed that it was impossible for Poinsett to promote effectively his country's interests under the present pro-British Mexican government.<sup>46</sup>

44. J.F. Rippey, Rivalry of the United States and Great Britain over Latin America, (1808-1830). The Johns Hopkins Press, Baltimore, 1929, p.289.

45. F.O.50/34 Richard Pakenham to George Canning, Mexico, No.8, May 7, 1827.

46. F.O. 50/35 Richard Pakenham to George Canning, Mexico, No.72, October 13, 1827.



Pakenham feared that should the Yorkinos win the presidential elections in 1828, British interests would be affected for this party would then look to the United States for a closer alliance. He feared that Poinsett would use his influence over the Yorkinos to provide anti-British stand.<sup>47</sup> The new British foreign secretary, Viscount Dudley, warned Pakenham that it was not the policy of his country to interfere in the internal affairs of Mexico. He was therefore instructed to confine his duties to the protection of the prosperity, rights, and trade of British subjects, and to furnish his government with such information as may be necessary in order to form a correct judgement of the temper and political situation of Mexico.<sup>48</sup>

Dudley took the same stand as Canning towards Poinsett who he regarded as being hostile to the interests of Britain in Mexico. He regarded Poinsett as engaging in activities injurious to British interests, and it was his object to exclude Britain from Mexico. He therefore instructed Pakenham to maintain a dominant British position in the republic, and not to remain passive while Poinsett was undermining his country's influence. He was to watch Poinsett's conduct, and was to furnish his government with the best information as to the proper nature and extent of his designs.<sup>49</sup> Dudley felt that

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47. F.O. 50/42 R.Pakenham to Dudley, Mexico, No.1, January 5, 1828. Pakenham observed that Poinsett had shown, wherever an opportunity had presented itself, that he was no friend of Britain.

48. F.O. 50/41 Dudley to Pakenham, No.9, April 21, 1829.

49. F.O.50/41 Dudley to Pakenham, No.9, April 21, 1829.

the proper way to check Poinsett's views as a partisan, was not for Pakenham to make himself a partisan on the opposite side. The best method for him was to be on the safeguard and see that no advantages and privileges were extended to the United States that did not equally apply to Britain.<sup>50</sup>

The British Foreign Secretary, Viscount Dudley, did not oppose the establishment of good relations between Mexico and the United States, for he believed that the interests of the former required that she establishes a friendly footing with her neighbour. He however felt that Mexico should not allow the United States to dominate her, or even encourage the latter to interfere in her internal affairs.<sup>51</sup> Dudley therefore instructed Pakenham to convince Mexicans that Britain was their natural ally, and that commercial relations between them was of mutual benefit.

Dudley maintained that:

(Britain) neither possesses(s), nor covert(s) any advantages which (it) has(s) not purely reciprocal:- nor can the English Government be so much as suspected of a desire to establish any influence in Mexico, injurious to her interests or her independence.<sup>52</sup>

50. F.O. 50/41, Viscount Dudley to Richard Pakenham, No. 9, April 21, 1829. He was to demand through protest and negotiation for whatever favours granted to the United States should also be extended to Britain.

51. F.O. 50/41 Viscount Dudley to Richard Pakenham, No. 9, April 21, 1829.

52. F.O. 50/41 Viscount Dudley to Richard Pakenham, No. 9, April 21, 1829.



He further instructed Pakenham not to spread any anti-American feelings. He was however not to lose any opportunity of reminding the Mexican government, that she ought not to be the object of a blind and indiscriminate confidence with the United States from whom encroachments may be apprehended.<sup>53</sup>

Though Dudley claimed that his policy was not anti-American, it is clear from the above instructions that Britain was still suspicious of American motives. Though the policy was not openly anti-United States, it had all elements of Canning's "Later American policy." Britain made sure that it was able to convince Mexicans that they should be on their guards against any extension of Mexican friendship. After convincing Mexicans that Americans were contemplating an encroachment into their territory, she made it quite clear that she was her true ally. Britain, unlike the United States of America had no interest in territorial gain as far as Mexico was concerned. She was more interested in protecting her commerce and market for her manufactured goods by having a dominant influence in Mexico. This position could only be maintained if the conservatives held power in Mexico.<sup>54</sup> It is therefore not surprising that Dudley wanted Pakenham to watch Poinsett carefully.

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53. F.O. 50/41 Viscount Dudley to Richard Pakenham, No. 9, April 21, 1829.

54. F.O. 50/42 Richard Pakenham to Viscount Dudley, No.1, January 5, 1828.



It was however not necessary for Britain to take a vigorous step towards checking Poinsett's activities. The latter's fortunes with the Yorkinos were in the decline with the strengthening of the party. It was obviously that Poinsett had built them to the point of winning state elections in 1827, even though the Yorkinos did not want to be identified with American interference in Mexico's internal politics.<sup>55</sup> By 1827 Poinsett had become an embarrassment to the party that he had helped to gain power. He became an object of denunciation as Mexico's suspicion of the ambitions of the United States increased.

Moves for the expulsion of Poinsett from Mexico began early in 1827 when the legislature of Vera Cruz and Puebla remonstrated against his further residence in the country.<sup>56</sup> A manifesto published by the former accused Poinsett of being "a sagacious and hypocritical foreign minister, equal zealous for the prosperity of his own country as unimical to that of Mexico, calculating that the aggrandizement and glory of (Mexico) must be in the inverse ratio of the glory and aggrandizement of the United States, so that the former would lose all the latter might gain and vice-versa."<sup>57</sup>

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55. Wilfred Hardy Callcott, Church and State in Mexico, 1822-1857 Octagon Books, New York, 1971, p.59.

56. F.O. 50/34 Richard Pakenham to George Canning, Mexico, May 7, 1827.

57. Joel Roberts Poinsett to Henry Clay, Mexico, July 8, 1827 in William R. Manning (ed) Diplomatic Correspondence of the United States concerning the independence of Latin American Nations, Vol. III, O.U.P. New York, 1925, p.1622-1668.

Poinsett was also accused by several Mexican legislatures of being jealous of the friendly relations that existed between Britain and Mexico, which might prove disadvantageous to the interests of his country. He was further accused of establishing the York Masons which were regarded to be "a hundred times more dangerous than battalions of the tyrant of Spain."<sup>58</sup>

The Mexican legislature also joined on the attack against Poinsett in 1828. The Mexican senate, dominated by pro-British and conservative elements, objected to his presence in Mexico. The American minister attributed all this pressure for his expulsion to the "aristocratic faction" of Mexico, "especially the legislature of the State of Mexico." He regarded these attacks as entirely improved and unfounded.<sup>59</sup>

Further pressures for Poinsett's expulsion came from the Escoces who were losing elections due to his reorganisation of the Yorkino party. They attributed their defeat to Poinsett's interference in Mexico's internal politics. They realized that they were losing not only power and members but also that even more important factor, prestige. The Escoces' plan of Montano of December 23, 1827 called

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58. William R. Manning, "Poinsett's mission to Mexico," American Journal of International Law, New York, Vol. VII, 1913, p. 805.

59. J.R. Poinsett to Martin Van Buren, Secretary of State, Mexico, 7 August, 1829, in Carlos Bosch Garcia (ed) Material Para la Historia Diplomatica de México, (México y los Estados Unidos, 1820-1848, p. 97.



upon the Mexican Congress to prohibit by law all secret societies. This was aimed at abolishing the York lodges; the dismissal of certain secretaries (ministers) who were regarded as tools of Poinsett; the expulsion of Poinsett. It called upon the government to give him his passport to leave the country; and finally it called for the rigid enforcement of the constitution.<sup>60</sup>

Poinsett however survived this Escoceses pressure for his expulsion. Nicolás Bravo, the vice president, who led the Escoceses' revolt was defeated by forces led by Vicente Guerrero at Tulancingo, thirty miles north of Mexico City, on January 7, 1828. General Bravo and his chief assistants were taken prisoners. This defeat of the Escoceses led to the decline of this party. Conservatives however continued to dominate the Senate and even infiltrated the Yorkinos with a mass exodus of former Escoceses supporters into that party.<sup>61</sup> This change of political events, led to a unified anti-Poinsett feelings. Poinsett was abandoned by the Yorkinos who were now split into factions. The Mexican Senate accused him of being responsible for the April 1829 Yorkino victory. In July of that same year the Senate therefore addressed a letter to President Guerrero requesting for his expulsion. They accused Poinsett of being opposed to the interests of Mexico and of fermenting discord in the country.<sup>62</sup>

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60. J.R. Poinsett to Martin Van Buren, Secretary of State, Mexico, March 10, 1829 in William R. Manning(ed), Diplomatic Correspondence of the United States concerning the Independence of Latin American Nations, Vol, III, p.1673-1687.

61. Wilfred H. Callcott, Church and State in Mexico 1822-1857, p.58.

62. William R. Manning, "Poinsett's Mission to Mexico," American Journal of International law, Vol, VII, 1913, p.814.



The current of hostility against Poinsett was so strong that President Guerrero had no option but to ask the American government to recall its minister.<sup>63</sup> Poinsett was therefore recalled in October, 1829. His expulsion or recall therefore left Britain in very dominant position, and President Guerrero assured Pakenham of his desire to cultivate intimate relations with Britain.<sup>64</sup> The American Secretary of State, Martin Van Buren also approached the British Minister at Washington, Charles R. Vaughan, on the subject of Anglo-American cooperation in Mexico, thus clearly accepting the fact that Britain had won the contest. He assured Vaughan that his government disapproved the methods used by Poinsett to acquire influence, and hoped that British ascendancy might be used to dissolve Mexican hostility towards the United States.<sup>65</sup>

A number of factors can be attributed to this British victory: the prestige of a great and victorious power, well trained diplomats; the goodwill of Mexicans towards Britain; and finally Britain was a leading industrial country and a centre for banking and trade.<sup>66</sup>

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63. Anti-United States feelings ran very high in Mexico in 1829 by Mexicans feared a possible attack from that country. Mexican agents in New Orleans and Texas sent reports that the United States was making vast preparations to attack Mexico, and that she had fifteen thousand men on the frontiers. See J.R. Poinsett to Martin Van Buren, Mexico, 2 August, 1829, in Carlos Bosch Garcia (ed) Material Para la Historia Diplomatica de México (México y Los Estados Unidos 1820-1848), p.101
64. F.O. 50/54 Richard Pakenham to Viscount Dudley, Mexico, No.52, May 3, 1829. Poinsett was replaced by Anthony Butler as the new American minister to Mexico.
65. F.O. 5/249,259 Charles R. Vaughan to Lord Aberdeen, Washington, No.44, July 31, 1829, No.15, March 20, 1830.
66. J.F.Rippy, Rivalry of the United States and Great Britain over Latin America (1808-1830), p.346.

It is clear that the policies of Britain and the United States in Mexico were not compatible with each other. Hostility between the two countries rose as a result of fears that their rivals aimed at excluding them from the resources of Mexico. It was therefore important for Ward and Poinsett to establish a sphere of influence for their respective countries. Poinsett regarded Ward as representing everything that he was opposed to, especially conservatism and monarchism. He also believed that as Mexico was part of the Americas, it was justifiable that the United States should establish her dominance there for the latter was the self-appointed leader of these states.<sup>67</sup> For Ward all these spelt danger, and he was therefore determined to protect his country's economic interests by opposing the aims of the United States.

Though Poinsett was able to build up the Yorkinos to a formidable party, he was not able to use them to promote his country's interest. At the hour of victory, they abandoned him as an embarrassment. Furthermore he was not able to destroy the influences of the conservatives in the Mexican Senate and in the states' legislatures. With the decline of the Escocés party and their infiltration into the Yorkino party, the conservatives were able to press for the expulsion of Poinsett. President Guerrero's fear of being thought to be under the influence of the United States and Poinsett, led him to request that the American minister be recalled.<sup>68</sup> The 'expulsion' of Poinsett therefore left the British in a commanding position.

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67. Joel R. Poinsett to Rufus King, United States Minister to Great Britain, Mexico, October 10, 1825, in William R. Manning, (ed) Diplomatic Correspondence of the United States concerning the Independence of Latin American Nations, Vol. III, p. 1634-1636.
68. James Morton Callan, American Foreign Policy in Mexican Relations The Macmillan Co., New York, 1932, p. 38.



CHAPTER V FRENCH BLOCKADE OF MEXICAN PORTS (1838-1839) AND BRITISH MEDIATION

In 1838 France blockaded Mexican ports in an effort to drain the latter's revenues and thus bring her to submission by cutting the rest of the world from her commerce. It accused the republic of hostile attitude towards French residents, and of failing to acknowledge their 'justified' claims for compensation; of imposing surtax upon French commerce; of imposing forced loans upon her subjects contrary to the stipulations of the 1827 Declarations signed between the two countries;<sup>1</sup> and of refusing to negotiate a treaty of commerce despite French unconditional recognition of her independence in 1830.<sup>2</sup> As a result of Mexico's adamant refusal to comply with the French request for settlement of claims, France felt that she could not let her dignity be abused by a small nation like Mexico. She therefore resorted to gun-boat diplomacy to teach Mexico a lesson.

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- 1 On account of increasing needs of French commerce, on May 8, 1827, Baron Damas, the French Minister of Foreign Affairs, and Sebastian Camacho signed an agreement styled "The Declarations". This Agreement contained reciprocal provisions concerning commerce and navigation between the two countries. These Declarations, however, did not recognise Mexico as an independent state. The French Minister declared that the resulting agreement did not constitute an act of recognition. See William Spence Robertson, France and Latin American Independence, John Hopkins Press, Baltimore, 1939, pp. 394-8.
  - 2 William Spence Robertson, "French Intervention in Mexico", Hispanic American Historical Review, Vol. 24, 1944, p. 225. On December 4, 1838, a revolutionary mob in Mexico City attacked shops owned by Frenchmen including that of a pastry<sup>cook</sup>. The French government then put up a claim for compensation to its citizens, but Mexico refused to acknowledge it and refused to accept any responsibility for damages caused by the rioting mob. In May 1830 General Cochelot went to Mexico and laid before the Mexican government an official complaint. He complained against mistreatment of French citizens in Mexico, and accused that government of wanting to take away from French subjects their right of trade, and even their right of inhabiting that country. He demanded the full observation of the 1827 Declarations and compensation for the victims of 1838 violence. Mexico again refused to accept any responsibility. This then resulted in the deterioration of relations between the two countries. See Archives du Ministère des Affaires Étrangères, Correspondence Politique, Mexique, 5.



The French Minister in Mexico, Baron Deffaudis, had recommended to his government that force was the only means left to force Mexico to settle these claims, and change her anti-French attitude.<sup>3</sup> He recommended the seizure of the Castle of San Juan de Ulúa which guarded the port of Vera Cruz, and the blockading of other ports such as Tampico and Matamoros to drain the republic's revenues. He took a very tough stand against Mexico and besides putting forward a claim of between 350,000 to 400,000 piastres, he also recommended that the republic pay the cost of sending a French squadron to her shores.<sup>4</sup>

Upon these recommendations France sent a blockading squadron under Captain Bazoche to blockade Mexican ports that were most frequented by European merchants. Captain Bazoche was ordered to attack both San Juan de Ulúa and Vera Cruz and to capture any leading Mexican officials as hostages. He was also instructed to capture only those neutral ships that had openly violated the blockade after notification. Neutral ships anchored at Mexican ports were to be allowed fifteen days to leave with their cargo undischarged. France gave one concession to packets of the English navy and Post Office, and Mexican fishing boats.<sup>5</sup>

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3. Baron Deffaudis to Duke Broglie, French Minister of Foreign Affairs, Mexico, February 1, 1836 in Archives du Ministère des Affaires Etrangères, Correspondence Politique, vol. 10.
  4. Ibid. These proposals were also supported by General Cochelot who argued that it was the only way to secure French claims. He recommended the seizure of the Fort of San Juan de Ulúa and the blockade of Tampico and other major Mexican ports.
  5. William Spence Robertson, "French Intervention in Mexico in 1838", Hispanic American Historical Review, Vol. 24, 1944, p.230.

Baron Deffaudis gave Luis Culvas, the Mexican Secretary for Foreign Relations, an ultimatum to settle French claims or he would leave the "prosecution of the negotiations in the hands of M. Bazache, the Commander of His Majesty's Naval Forces".<sup>6</sup> Deffaudis demanded a compensation of 600,000 pesos for French residents whose property was destroyed as a result of political disturbances in the republic. He also demanded that Mexico should not place any obstacles in the way of regular payments of these claims. He also demanded the sacking of certain Mexican officials whom he held responsible for injuries committed against French residents. He also demanded that on condition of perfect reciprocity, the Mexican government should secure to French consular and diplomatic agents and to her commerce and navigation, treatment on the basis of most favoured nation. Mexico was also to place no obstacle to French merchants indulging in retail trade, and that under no circumstances was she to force them to pay war contributions or forced loans.

Mexico refused to acknowledge these French demands, and as a result Captain Bazoche ordered the blockade of her ports on April 16, 1838.<sup>7</sup> In retaliation Mexico ordered the French consul at Vera Cruz to leave the country. Mexico justified its refusal to meet French demands by arguing that:

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6. Ibid.

7. William Spence Robertson, "French Intervention in Mexico in 1838", Hispanic American Historical Review, Vol. 24, 1944, p.229.



We are a nation always agitated by revolutions;  
 as such we suffer all the consequences of a state  
 of revolution, popular, tumults, robberies,  
 plunderings, assassinations, unjust  
 and such we are obliged to suffer all these  
 evils. We consider that the foreigners who  
 may be in our country must suffer like ourselves,  
 without a chance of redress or compensation.<sup>8</sup>

It further argued that all foreigners came to Mexico fully aware  
 of the state of political turmoil. They came of their own free will  
 and were prepared to take the consequences. Consequently they had  
 themselves to blame, and had no right to demand compensation. It  
 further argued that it was in no financial state to meet all French  
 claims for compensation.<sup>9</sup>

It is true that Mexico was in a bad state of finance as a result of  
 political disturbances, and it had to look to Britain for financial  
 assistance. The Civil War that preceded the declaration of independ-  
 ence had left Mexico's treasury empty. ~~Mismanagement of finances~~  
 after independence also worsened the case.<sup>10</sup> France failed to appreciate

8. Rear-Admiral Baudin to M. Cuevas, on board The Nereida, Sacrificios, October 27, 1838, British and Foreign State Papers, Vol. 27, 1838-1839, pp.1176-1177. This quotation was taken from a letter from Luis G. Cuevas, the Mexican Secretary of Foreign Relations to M. E. de Lisle, the French Charge d'Affaires in Mexico, in April 1838.
9. Rear-Admiral Baudin to M. Cuevas, October 27, 1838, British and Foreign State Papers, Vol. 27, 1838-1839, p.1177. France refused to accept these Mexican arguments, and insisted that Frenchmen had settled in Mexico on the faith of the 1827 Declarations. It further argued that one of the stipulations of the 1827 Declarations forbid the levying of forced loans which the republic had failed to honour. It further argued that if foreigners were not compensated in cases of political anarchy, and if it was established as a rule, that they ought not to reckon upon the justice and protection of Mexican laws, they would be compelled to leave the country. This would then affect the economy of the republic as its development depended upon their capital and trade.
10. Manuel Payno, Mexico and her Financial Question with England, Spain and France, Mexico, Ignacio Complido, Mexico, 1862, pp.1-2.



the financial difficulties caused by the state of political disturbances and instead put forward an exaggerated claim for compensation. It rather looked coldly and ruthlessly calculating the greatness and prosperity of Mexico, with its numerous and most apparent economic possibilities and advantages. She did not even exhaust peaceful means of settling her claims, and instead rushed her squadron to Mexican waters.<sup>11</sup>

France assured foreign governments that orders issued to her blockading squadron were framed in such a manner as to reconcile "the practical exercise of a legitimate right with regard due to the independence of flags and a sincere desire to cause the least possible embarrassment to the navigation of neutrals".<sup>12</sup> The French Minister of Foreign Affairs assured other countries that France was not at war with Mexico but was trying to compel that republic to acknowledge her 'justified' claims.<sup>13</sup>

Rear-Admiral Charles Baudin who took over the command of the French squadron appealed to Lucas Cuevas to meet French demands.<sup>14</sup> Mexico again refused to accept any responsibilities for damages sustained by French residents. It further considered the presence of the French

11. J.D. Powles to Viscount Palmerston, Freeman's Court, August 30, 1838 in Parliamentary Papers, 1838, Vol. XLVII, pp.288-289.

12. Count Mole to Diplomatic Corps at Paris, France, 31 May 1838, in Archives du Ministère des Affaires Étrangères. Correspondence Politique, Mexique, Vol. 14.

13. The aim of the blockade was to bring Mexico into submission by preventing foreign ships from entering her ports, and thus paying duties upon which the republic mainly depended for her revenues.

14. Rear-Admiral Baudin to M. Cuevas, on board the Nereide, Sacrificios, October 27, 1838. British and Foreign State Papers, Vol. 27, 1838-1839, p.1176.

squadron as a violation of its territorial integrity and as a threat to its independence, and as an insult to its honour and dignity. She was not prepared to negotiate with France while the latter's squadron was enforcing the blockade. Mexico was therefore reluctant to meet French demands, however well founded they might have appeared. It considered the presence of the French squadron as an insult and an act of violence.

Rear-Admiral Baudin, who arrived at Vera Cruz on October 26, assured Mexico that it was no French intention to insult Mexico. He pointed out that France had exercised its power with great moderation using no unnecessary violence to obtain redress. He assured Mexico that France wanted to re-establish firm and lasting friendship. As a result of this Mexico agreed to negotiate with France at Jalapa, and called on France to suspend the blockade, to refrain from any hostile actions, and requested that French forces should not assemble at Sacrificios during the negotiations. France refused to accept the suspension of the blockade as pre-condition for negotiations.<sup>15</sup>

Baudin proposed to Luis G. Cuevas that: Mexico pay 600,000 pesos as compensation to French residents; the republic give a positive promise that it would not impede the punctual and regular payment of French debts which that country was paying; confirmation of the 1827 Declarations which were to form the basis of all relations between the two countries until a proper treaty was signed; and that Mexico renounce all rights to demand compensation as a result of confiscation of Mexican vessels during the blockade; and to pay France 200,000 pesos, the cost of the blockade.<sup>16</sup> In an additional and secret article Mexico

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15. Luis G. Cuevas to Rear-Admiral Baudin, Mexico, November 3, 1838, British and Foreign State Papers, Vol. 27, 1838-1839, p.1183.

16. F.O. 50/123. Richard Pakenham to Lord Palmerston, Mexico, 3 January 1839, enclosure no. 1 (Richard Pakenham to Sir Charles Paget, Sacrificios, 31 December, 1838).



was to "pledge itself not to throw any obstacle against the rights of the holders of the loan known by the name of 17 per cent loan". It was also to agree to admit these bonds in payment of duties at custom houses until their final cancellation. He also demanded the dismissal of General Gregorio Gómez, Colonel Pardo and Judge Tamayo who were considered to be anti-French. Their conduct was also to be severely and officially reprimanded either in the government gazette or in other journal of equal importance.<sup>17</sup>

Mexico agreed to pay 600,000 pesos for all claims brought forward before or after 21 March, 1838. The Mexican Foreign Secretary, however, demanded the right of his government to exercise its own discretion as to the course of action to be taken against the above three officials. He also insisted upon Mexico's unquestionable right to levy forced loans, a right he argued was granted by the Spanish text of all her treaties with foreign countries. Mexico was however prepared not to exercise this right in future upon just considerations. It further proposed the submission of all unsettled differences to the arbitration of Great Britain. It further agreed to treat France, in reciprocity, on the basis of 'most favoured nation'.

Negotiations however came to a deadlock as a result of Baudin refusing to modify French demands.<sup>18</sup> He regarded the period of six

17. "Preliminaries as at first proposed by Rear-Admiral Baudin", British and Foreign State Papers, Vol. 27, 1838-1839, p.1187. Also FO 50/123 Richard Pakenham to Lord Palmerston, Mexico, No. 1, January 3, 1839.

18. FO 50/123. Richard Pakenham to Lord Palmerston, Mexico, No. 1, January 1839. These Mexican concessions were not held by Rear-Admiral Baudin to be sufficient enough to satisfy the expectation of his government. He was prepared to forego blockading expenses, 200 pesos, if Mexico would guarantee that the rights of the retail trade to French residents in that republic would not be annulled without them being previously granted sufficient indemnity.



months proposed by Mexico to pay French claims as too long. He refused to accept the argument that Mexico had the right to levy forced loans, arguing that these rights did not appear either in the English or French texts of treaties or agreements signed with foreign countries. He also did not consider the guarantee given to French retail traders as sufficient.<sup>19</sup>

Mexico refused to bulge or to give any other guarantee than already promised to French traders. It was not prepared to give further protection to French retail traders, especially since it was not part of the present differences.<sup>20</sup> France agreed not to press the above demand, but insisted upon payment of claims within 30 days or it would begin hostilities. When Cuevas refused to meet this last demand Baudin called off the Jalapa negotiations.<sup>21</sup>

Rear-Admiral Baudin can hardly be acquitted of precipitation in so abruptly breaking off these talks. He did not give Cuevas time to communicate with his colleagues in the capital, some 200 miles from Jalapa. It appears that Baudin was influenced in his decision by members of the French legation such as M. de Liste, Secretary to the

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19. Rear-Admiral Baudin to M. Cuevas, Jalapa, November 20, 1838, British and Foreign State Papers, Vol. 27 (1838-1839), p.1195.
  20. M. Cuevas to Rear-Admiral Baudin, Jalapa, November 19, 1838, British and Foreign State Papers, Vol. 27 (1838-1839), p.1193.
  21. FO 50/123 Richard Pakenham to Sir Charles Paget, Sacrificios, December 31, 1838.

late legation who favoured coercion, and Prince de Joinville who was desirous of hostilities to break. The latter was the one who proposed French attack on Vera Cruz.<sup>22</sup>

The port of Vera Cruz and the Castle of San Juan de Ulúa fell to French forces on 27 November, 1838. The Mexican Commander in Chief at the port, General Rincon, agreed that his country should retain the former with a French garrison of 1000 men; that the port should be opened to the flags of all nations; and the blockade suspended for eight months. He also agreed that the French garrison at the Castle of San Juan de Ulúa should be at perfect liberty to supply itself with fresh provisions. That the castle should be returned to the Mexican government as soon as the differences were settled. He also agreed that French residents who had fled from Vera Cruz should return, and be paid indemnity for loss or damage of their property.<sup>23</sup>

The Mexican government refused to ratify the above agreement, and instead declared itself at war with France. It cut all relations with that country, and closed its ports to French vessels. It further prohibited Frenchmen from entering the country, and those already there were expelled.<sup>24</sup> In retaliation Rear-Admiral Baudin attacked Vera Cruz

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22. FO 50/123 Richard Pakenham to Lord Palmerston, Sacrificios on board HMS Pique, Separate and Confidential, 3 January, 1839. It was Pakenham's opinion that Rear-Admiral Baudin was responsible for breaking up the Jalapa talks because of his unacceptable demands, and that he did not give Cuevas time to communicate with his government, some 200 miles away. Prince de Joinville proposed the attack of Vera Cruz in the hope of capturing General Santa Anna who was alleged to be contemplating a plan to capture the Prince.
23. FO 50/123 Richard Pakenham to Sir Charles Paget, Sacrificios, Enclosure 1 in No. 1, 31 December, 1839.
24. Decree of the Congress of Mexico, declaring war against France, Mexico, November 30, 1838, British and Foreign State Papers, Vol. 26 (1837-1838), p.1123.



on 5th December as a result of which General Santa Anna lost a leg. He also refused neutral vessels the right to discharge their cargoes.<sup>25</sup> Richard Pakenham, the British minister in Mexico, protested against this last move, but the French Admiral promised compensation to those ships which were not aware of the decision to resume the enforcement of the blockade.<sup>26</sup>

The attitude of the British government to this conflict

The British government was alarmed at the prospect of war between France and Mexico. It feared that in case of war between the two countries she would suffer most from any blockade as she dominated the trade of Mexico. She was not opposed to the blockade in principle, for she too had pending claims against Mexico. It was her belief that once Mexico settled French claims, then there would be a possibility of settling British claims too. It was her argument that France had broken no international law in its decision to blockade Mexican ports.<sup>27</sup>

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25. Rear-Admiral Baudin issued a fresh order on 20th and 22nd December by which all vessels arriving in consequence of his previous official act and permission, were prohibited from landing any part of their cargoes. The majority of stranded vessels were British. Their owners were worried in case of damage to their goods due to possible gale or storm. They appealed to Richard Pakenham to request the Admiral to grant them permission to off load their goods.
26. FO 50/123. Richard Pakenham to Lord Palmerston, on board HMS Figue off Sacrificios, 3rd January 1839. Rear-Admiral Baudin claimed that he had been forced to retract his original concession in favour of neutral trade, due to hostile attitude of the Mexican government. He was therefore only prepared to let ships arrive at Vera Cruz but not let them off load their goods.
27. J. Backhouse to Messrs. Campbell and Company, Foreign Office, July 26, 1838, in "Memorials and correspondence relative to the protection of British commerce against Blockades of Mexico and Buenos Aires", Parliamentary Papers, Vol. XLVII, 1839, p.285. Lord Palmerston maintained that he was not aware that the French government, in enforcing their blockade of the Mexican ports, had in any degree exceeded those rules of maritime law which Britain had invariably contended for, and had at all times enforced, when it had occasion to resort to a blockade as a measure of coercion against a foreign state.



Britain however offered to mediate "with a view to bring the differences" between France and Mexico "to an amicable adjustment". The acting British Minister in Paris, Sir Charles Aston, was charged with the duty of offering to the French government, the good offices of his government to settle the dispute.<sup>28</sup> From the beginning France refused this offer of mediation, but assured Britain that it had no intention of occupying permanently any part of Mexico. It however requested Britain to use its influence with Mexico to get the latter to accept French demands.

Britain insisted upon getting a written confirmation that France would not interfere in the internal affairs of Mexico, and that it would make no conquest. Britain had always been suspicious of French designs in Mexico and feared that France might aim at bringing that country under its control, thus depriving her of a profitable commerce. Count Molé, the French Minister of Foreign Affairs, assured Britain that French forces would evacuate San Juan de Ulúa on the very day that France obtained from Mexico the satisfaction which was due to her.<sup>29</sup>

#### The effect of blockade on British trade

Reports of the blockade alarmed British merchants trading with Mexico.<sup>30</sup> Several of their ships had already sailed for Mexico with

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28. British and Foreign State Papers, Vol. XXVI, (1837-1838), pp.725-726.

29. Count Molé to Earl Granville, Paris, 19 September, 1838, in "Papers relating to the occupation of the fortress of St. Juan d'Ulloa, in the Gulf of Mexico, and the island of Martin Garcia, in Rio de la Plata, by the Blocking Squadrons of France", Parliamentary Papers, Vol. XXXI, 1839, p.399-400.

30. Mexico opened Soto la Marina, Tuxpan, Alvarado, Sisal and Laguna de Terminos to foreign commerce after the blockade of Matamoros, Tampico, Vera Cruz and Campeche.

expensive cargo on board from such ports as London, Liverpool, Belfast and Glasgow, etc. Many of them panicked fearing ruinous losses, and they therefore lost no time in requesting their government to protect their ships and offer mediation to settle the dispute, and to allow uninterrupted flow of commerce. Liverpool seems to have taken the leading role in organizing British merchants to petition Lord Palmerston.<sup>31</sup> Thomas Court, the Secretary of the Liverpool Underwriters Association, inquired as to whether instructions had been sent to the Commanders of the British navy in the West Indies to protect British commerce in the Gulf of Mexico.<sup>32</sup> The Association, together with the Committee of South American and Mexican Association, were chiefly concerned with the shipment of specie from Mexico. The blockade impeded the regular shipment of large sums in specie from Mexico, for account of British merchants, being in return of goods exported to Mexico.<sup>33</sup>

Liverpool served as the main British port for trade with Mexico and mainly served the Lancashire cotton industry. It is therefore not surprising that Liverpool merchants took a special interest in this blockade. Upon being informed by Lord Palmerston that by international law that shipment of specie was liable to interruption, they met in

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31. See "Memorials and correspondence relative to the protection of British commerce against blockades of Mexico and Buenos Ayres instituted by the Government of France", Parliamentary Papers, Vol. XLVII, 1839, pp.275-308.

32. Thomas Court to Viscount Palmerston, Liverpool, May 26, 1838, Parliamentary Papers, Vol. XLVII, 1839, p.280.

33. J.D. Powles to Viscount Palmerston, Freeman's Court, June 8, 1838 in Parliamentary Papers, Vol. XLVII, 1839, p.281.



Liverpool on 22nd June, 1838 to discuss further steps to be taken.

The Mexican and South American Association of merchants then requested Palmerston to offer mediation to bring an end this state of affairs which was harmful to their trade.<sup>34</sup>

They pointed out that mediation was "the only means likely to tend to a result, not only desirable as respects to (their) own interests, but in itself worthy of British intervention, the struggle being so manifestly between the strong and the helpless".<sup>35</sup>

Pressure of mediation also came from Manchester merchants who benefited a great deal from the export of textile goods to Mexico.<sup>36</sup> The Committee of South American and Mexican bondholders pointed out to Palmerston the serious decrease in their trade as a result of this blockade. They pointed out that the claims of the Bondholders in Mexico amounted to nearly £10 million, and that their prospects were bound up with British shipping and trade with Mexico. They further pointed out that one-sixth of the customs duties of Mexico went to pay British debts. They pleaded that the suspension of Mexican trade led

34. Mr Watson to Viscount Palmerston, Liverpool, June 22, 1838, Parliamentary Papers, Vol. XLVII, 1839, p.282.

35. Mr Watson to Viscount Palmerston, Liverpool, June 22, 1838, Parliamentary Papers, Vol. XLVII, 1839, p.281.

36. Richard Birley to Viscount Palmerston, Manchester, July 2, 1838. In Parliamentary Papers, Vol. XLVII, 1839, p.282. The Manchester Chamber of Commerce requested Palmerston to offer the mediation of the British government. They were very concerned with the effects of the blockade which was "exceedingly injurious to (their) commerce". See also Arthur Redford, Manchester Merchants and Foreign Trade, Vol. 1 (1794-1858), Manchester University Press, Manchester, 1934, p.97, 104-105.



to the property of the British bondholders to deteriorate to the extent of between £400,000 and £500,000. Above all this, the receipt of the annual interest of £250,000 on the part of their claim, was prevented by the blockade.<sup>37</sup>

Further pressures for negotiation came from Glasgow Chamber of Commerce. It urged the British government to bring about an amicable adjustment of the differences between France and Mexico. Its memorial to Lord Palmerston pointed out that the blockade was causing great losses to British trade as a result of a number of ships being forced to return to Britain without discharging their cargo.<sup>38</sup> Another memorial from Liverpool requested the Foreign Secretary to offer protection to British trade. They pointed out to Palmerston that:

The trade of Mexico with foreign countries,  
being in value three-fourths entirely British  
demands, ought to have protection.<sup>39</sup>

They further complained that British vessels were being turned away by the French squadron thus causing great losses. They pointed out to Palmerston that British interests were suffering the whole penalty of the state of things while the Americans were supplying the wants of Mexico contraband through smaller ports and from their proximity. They

37. John Capel to Viscount Palmerston, Cornhill, July 2, 1838, in Parliamentary Papers, Vol. XLVII, 1838, pp.282-283. For details on the British bondholders see Chapter 9 of this thesis.

38. The memorial of the Directors of the Chamber of Commerce and Manufacturers, established by Royal Charter in the City of Glasgow, 7 July, 1838. Also Lord W. Bentinck to Viscount Palmerston, London, July 11, 1838, in Parliamentary Papers, Vol. XLVII, 1839, pp.283-284.

39. Messrs Campbell and Company to Viscount Palmerston, Liverpool, July 24, 1838, Parliamentary Papers, Vol. XLVII, 1839, pp.284-285.

expressed the fear that Americans would reap all the benefits of the trade with Mexico once the ports were reopened, owing to the entire British ignorance of the state of the question at issue. These arguments were further supported by Belfast merchants whose linen and cotton goods trade was also badly hit by this blockade.<sup>40</sup>

The British government defended the French blockade by pointing out to the merchants that the French government had not exceeded any rules of maritime law which Britain had invariably contended for and at all times enforced, when it had occasion to resort to a blockade as a measure of coercion against a foreign state. Palmerston therefore argued that there was "no just reason either for complaint or interference in the part of the British government with respect to the blockade in question".<sup>41</sup>

The blockade not only hit British traders, it also affected those connected with mining interests in Mexico. Real del Monte company requested the British Foreign Secretary to apply on their behalf for permission to ship articles that were of vital importance to them. These included machinery, which was normally duty free, iron bars, nails, zinc plates and iron shovels; miners' clothes; and medicine.<sup>42</sup>

40. ibid.

41. J. Backhouse to Messrs. Campbell and Company, Foreign Office, July 26, 1838, in Parliamentary Papers, Vol. XLVII, 1839, pp.285-286. The Times (London) of October 11, 1838, accused Palmerston of becoming "an undisguised Frenchman for the nonce". It denounced the policy of France as keeping "the people of Mexico under hatches". It claimed that the blockade was more disastrous for England than any war between France and Mexico would be. It further claimed that "France exercises in substance the rights of war against this country by annihilating our trade to as great an extent as could be accomplished by a hundred armed privateers, while against French commerce we claim no power of retaliation".

42. Sir R. Price to J. Backhouse, House of Commons, July 26, 1838 and enclosure (Directors of Real del Monte, Duke Street, Adelphi, July 26, 1838 to Viscount Palmerston). Parliamentary Papers, Vol. XLVII, 1839, p.285.



France turned down this request arguing that if permission were granted, it would mean opening the door to numerous demands of a similar nature from both its citizens and foreigners. The blockade thus would be rendered illusory, and complications would then arise.<sup>43</sup> It also turned <sup>down</sup> Real del Monte and Bolaños mining companies' requests to be allowed to ship quicksilver for the workings of their mines in Mexico. As a result of the blockade the price of quicksilver increased tremendously due to shortages. The two British mining companies became concerned that this could lead to the stoppage of their workings and cause them financial ruin.<sup>44</sup>

France declined suggestions that matters should be submitted to a third party. British merchants continued to press their government to press France to allow the British government to mediate as an independent party. France was not interested in peaceful mediation for it had clearly stated that if its demands were not fully accepted, that if the answer by the Mexican government "be negative upon only one point", or "even doubtful upon only one point", her commander was to blockade Mexican ports. She was clearly determined to use force to teach Mexico a lesson so that the latter would always respect her.<sup>45</sup>

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43. The Hon. W. Fox Strangeways to Mr. Mackenzie, Foreign Office, September 27, 1838, Parliamentary Papers, Vol. XLVII, 1839, p. 291.

44. "Memorial of the Directors of the Bolanos Mining Company, London, November 17, 1839", and "The humble Memorial of the Directors of the Real del Monte Company", in Parliamentary Papers, Vol. XLVII, 1839, pp. 297-299.

45. J.D. Powles to Viscount Palmerston, Freeman's Court, August 30, 1838 in Parliamentary Papers, Vol. XLVII, 1839, p. 288-289.



This action was totally unjustified for France acted as the sole judge and arbiter of exaggerated claims put forward by her subjects. She resorted to arms rather than allow Britain to mediate as Mexico had requested, and proceeded by force of arms to cripple the already 'bankrupt' Mexican treasury. Viscount Palmerston's argument that blockade was justified for France had not broken any international law, is open to debate. It can be argued that the blockade was not justified for international law is founded on the assumption that force was only to be employed and continued to be applied when all other means of obtaining justice had failed. This was clearly not the case in this situation for Mexico had clearly expressed to France that she was willing to submit all matters in difference to a neutral tribunal.<sup>46</sup>

The British government did not protest against the French blockade for she was convinced that France in taking coercive measures against Mexico, had not violated any international laws. However British merchants pressed the British government to offer her mediation, and to persuade France to change her attitude towards submitting claims to a neutral third party. Merchants from London, Liverpool, Glasgow, Manchester and Belfast united in their efforts to pressurize their government to intervene. These merchants sent a deputation to Viscount Palmerston on 30 October, 1838 to argue for British intervention in a dispute that badly affected the British trade with Mexico.<sup>47</sup> It appears

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46. J.D. Powles to Viscount Palmerston, Freeman's Court, August 30, 1838, Parliamentary Papers, Vol. XLVII, 1839, p.288. France under Louis Philippe pursued an aggressive foreign policy and did not hesitate in employing 'gun-boat' diplomacy.

47. Deputation from commercial towns to Viscount Palmerston, London, October 31, 1838, Parliamentary Papers, Vol. XLVII, 1839, p.295. The City of Glasgow was represented by Messrs. David Ferguson, John Macdougall, William Graham and Henderson.

that the fear of having their ships confiscated by France motivated these merchants to send a delegation to meet the British Foreign Secretary. France had warned that any ship that sailed for Mexico with the intention of violating the blockade was liable to seizure.

The members of this deputation representing British merchants trading with Mexico argued that they were entitled to send ships to that country to see whether the blockade was effectively enforced. Viscount Palmerston warned them that:

It is the doctrine of British courts of Admiralty, that vessels may not sail to the mouth of a blockaded port, in order there to inquire whether a blockade of which they had received formal notice was still in existence or not.<sup>48</sup>

Viscount Palmerston warned these merchants that any ship that violated this blockade, was liable, together with their property, to confiscation.

#### British mediation

As a result of petitions to both the Foreign Office and Parliament, and the effect caused to British commercial interests in Mexico by this blockade, Viscount Palmerston bowed to British merchants' pressure and agreed to mediate to end the blockade. The Acting British Minister in Mexico, Charles Ashburnham was instructed by Viscount Palmerston to promote an understanding between the two sides in the dispute. The British government also requested the French government to submit certain observations for consideration and also to explain the basis of the 600,000 pesos it was demanding as compensation for damages suffered by

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48. J. Backhouse to J.D. Powles, Foreign Office, November 15, 1838, Parliamentary Papers, Vol. XLVII, 1839, pp.296-7.



her citizens in Mexico.<sup>49</sup>

The British government were of the opinion that the amount was too large for such claims. It further pointed out to France that in similar cases it was customary to allow a third party to consider the claims, or for the parties to reach an agreement on the principles upon which the claim was to be adjusted, and to submit the matter to a mixed commission for adjudication. It proposed that French subjects in Mexico should be given the 'most-favoured nation' treatment, while the same being extended to Mexican residents in France. It however pointed out to France that these concessions were "the subjects of voluntary negotiations between independent states" while "the refusal of commerce with another, or to grant certain privileges to the subjects of the other, is not a justifiable cause of war". It was pleased that with respect to the proposed punishment of several Mexican magistrates for wrongs inflicted upon French subjects, that "much latitude of discretion had been left to Baudin".<sup>50</sup>

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49. William Spence Robertson, "French intervention in Mexico in 1838", Hispanic Historical Review, 1944, Vol. 24, pp.235-6. See also FO 27/557 No. 78. This change in the attitude of the British government also came about as a result of Mexico's refusal to meet the French demands. On June 1, 1838 Count Mole, the French Secretary of Foreign Affairs, had sent a note to Lord Granville, the British Ambassador in Paris, informing him that as a result of Mexico's refusal to redress French grievances, the French Commander at Vera Cruz had proclaimed a blockade. The British government became alarmed at the prospect of war between France and Mexico, and in an effort to save her economic interests, offered to mediate.
50. FO 27/557 No. 78. Viscount Palmerston to Sir Arthur Aston, Foreign Office, London, September 15, 1838.



In Mexico, Charles Ashburnham promoted the adjustment of the Franco-Mexican dispute. He held talks with the Mexican Secretary for Foreign Relations, Senor Cuevas. The Secretary informed him that Mexico was willing to pay compensation but was at the moment unable to do so due to the national treasury being exhausted.<sup>51</sup> He blamed the former French Minister, Deuffaud, whose demands he considered to have been impracticable. He blamed him for making it impossible to settle all questions between the two countries. Mexico did not want it to seem that the presence of a French squadron had forced her to enter into negotiations with France. She wanted to do so on her own free will and thus save her pride.<sup>52</sup>

The British government ordered its minister to Mexico, Richard Pakenham, who was home on leave, to return to the republic and continue talks on mediation. It also sent a squadron of 13 vessels to the Gulf of Mexico to protect its subjects and their interests.

Admiral Baudin expressed the most entire satisfaction at the interest manifested by the British government in endeavouring to effect a reconciliation between his government and that of Mexico. He also expressed his readiness to give Pakenham full power to take any steps in his name which might be likely to conduce to the object in view, to modify in any

51. British and Foreign State Papers, Vol. 27, 1838-1839, pp.1181-1183. Mexico was undergoing a period of political instability. It was therefore difficult for the hard strained Mexican treasury to meet claims for compensation, especially those French claims which even Rear-Admiral Baudin had admitted were exaggerated.

52. William Spence Robertson, "French Intervention in Mexico in 1838", Hispanic American Historical Review, Vol. 24, 1944, p.241. See also FO 50/115 Charles Ashburnham to Viscount Palmerston, Mexico, November 5, 1838.

manner the terms of his demands, and agreed to listen as favourably as possible to any modification.<sup>53</sup>

The arrival of a British squadron under Commodore Douglas at Vera Cruz on 28 December 1838 made the Admiral change his mind about modifying French claims. He feared that a change of heart would lead the Mexicans to believe the arrival of British fleet had forced him to modify his demands. He informed Pakenham that if the British fleet were withdrawn to equal those of the French, then he would agree to modify his demands.<sup>54</sup> Pakenham and Commodore Douglas obliged this French request, and in return the French Admiral agreed to return the Castle of San Juan de Ulua to the Mexicans as soon as they had paid half of the compensation being demanded by France. He also assured Pakenham that he did not intend to push hostilities beyond the rigorous enforcement of the blockade.

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53. FO 50/123. Richard Pakenham to Viscount Palmerston, on board HMS Pique, Mexico (Sacrificios) No. 4, 3 January, 1839.

54. FO 50/123. Richard Pakenham to Viscount Palmerston, on board HMS Pique, off Sacrificios, Mexico, No. 4, 3 January 1839. Viscount Palmerston had instructed Commodore Douglas and Richard Pakenham to offer their intercession and good offices in a manner which might be thought most desirable towards the restoration of good understanding between France and Mexico.



Pakenham was able to persuade the representatives of the two countries to resume negotiations to resolve their differences. President Bustamante appointed his new Secretary for Foreign Relations, Manuel Gorostiza, and General Victoria to conduct negotiations with Admiral Baudin. They met on board the British frigate 'Madagascar' at Vera Cruz in February 1839, and by March 7 these negotiators had agreed that certain demands of France which would wound the feelings of the Mexicans should be omitted from the treaty.<sup>55</sup> Among these were the prohibition of forced loans, the removal of offending Mexican officials, General Gregorio Gomez, Colonel Pardo and Judge Tamayo, from office for being anti-French, and the indemnification of France for the expenses of the Pastry War. After this the two sides were then able to sign a treaty on 9 March 1839 thus ending hostilities and the blockade on Mexican ports.<sup>56</sup>

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55. FO 50/123, Richard Pakenham to Viscount Palmerston, Mexico, No. 16, 23 February 1839. Rear-Admiral Baudin demanded besides the 600,000 pesos as compensation another 200,000 pesos as expenses for sending a French squadron to the Mexican ports. Though Mexico was not prepared to meet such demands, was prepared and promised to abide to the decision of a third party, and also on condition that France compensate Vera Cruz residents who had been driven out of that city by French bombardments. Britain was then appointed as the third party to arbitrate. Mexico and Britain then proposed an armistice to be granted for a few days to allow ships to be off loaded.

56. William Spence Robertson, "French Intervention in Mexico in 1838", Hispanic American Historical Review, Vol. 24, 1944, p.247.

The peace treaty signed stipulated that: The Castle of San Juan de Ulúa was to be returned to Mexico as soon as she had ratified this Treaty and Convention; France was to relinquish the 200,000 pesos claim for sending her squadron to the coast of Mexico; and they agreed that any claims advanced by both sides for compensation for losses and injuries occasioned by the war were to be submitted to the arbitration of a third party. They also agreed that the same principle was to apply to Mexican vessels captured by French forces and also with regard to merchant vessels under Mexican flag detained during the blockade by Admiral Baudin subsequent to the declaration of war.<sup>57</sup>

In order to promote the prompt re-establishment of friendly relations the two sides agreed to submit two questions to the arbitrament of a third power:

- (i) Did Mexico have the right to claim from France the return of her warships captured by the French forces after the surrender of the fortress of San Juan de Ulúa or an adequate compensation for such ships if France had meanwhile disposed of them?
- (ii) Should reparations be granted to Frenchmen who had suffered losses because of the Mexican law expelling them from the republic? Should such compensation be granted to Mexicans who had been injured by the hostilities after November 26, 1838?<sup>58</sup>

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57. FO 50/124 Richard Pakenham to Viscount Palmerston, Sacrificios, 10 March 1839.

58. FO 50/124 Richard Pakenham to Viscount Palmerston, Sacrificios, No. 19, enclosure, March 10, 1839.



By the IIIrd Article of this treaty, the two nations agreed that until they had concluded a treaty of commerce and navigation which should regulate their intercourse, the diplomatic and consular agents, the citizens, the merchants, and the ships of each country should enjoy in the other country all the rights, privileges and immunities conceded by the treaties or by custom to the 'most favoured nations'.<sup>59</sup>

Mexico also agreed to place no impediment in the way of the punctual payment of acknowledged obligations to the French creditors. Rear-Admiral Baudin and General Guadalupe Victoria also agreed upon an armistice for 15 days during which the Mexican ports were to be opened up, ships unloaded and normal business resumed.<sup>60</sup>

The two questions left for the arbitration of Britain were resolved by the British monarch on August 1, 1844. It was declared that France was not bound to make restitution of the captured Mexican vessels, and that neither the claims of Mexico nor of the French residents subsequent to November 26, 1838 should be allowed because the injuries complained of, resulted from a state of war that existed between the two nations.<sup>61</sup>

59. FO 50/124 Richard Pakenham to Viscount Palmerston, Sacrificios, No. 19 enclosure, March 10, 1839.

60. This settlement was denounced by some Mexican congressmen as a sell-out to France. These men maintained that their government had given in to all the French demands, and had submitted to conditions which had earlier pronounced as unacceptable. They regretted that Mexico had acknowledged that she was in the wrong and had agreed to pay an indemnity. See William Spence Robertson, "French Intervention in Mexico in 1838", Hispanic American Historical Review, Vol. 24, 1944, p.249.

61. Edgar Turlington, Mexico and her Foreign Creditors, Columbia University Press, New York, 1930, p.102.

As a result of British mediation cordial relations between Mexico and France were resumed. France appointed Baron Alleye de Cipay as her Minister plenipotentiary to Mexico, and the latter agreed to devote her earliest attention to the fulfilment of the stipulations of the peace treaty signed between the two nations, and to the firm establishment of friendly relations with France.<sup>62</sup> The Mexicans were grateful to Britain for giving the

most unequivocal proofs of their friendship in the good offices employed with the view to the conclusion of the treaties of peace with France, and in the harmony with which she had continued to cultivate their relations with the Republic.<sup>63</sup>

The blockade of Mexican ports by France, though tacitly supported by Britain, could not be justified. This was clearly the case of gun-boat diplomacy whereby France as a strong nation was bullying Mexico, a young and weak state, to accept demands which were unacceptable. There is no doubt that France in taking such an action had constituted herself as the sole judge and arbiter of the amount of compensation she demanded from Mexico. Furthermore, she disclaimed all reference to any intermediate tribunal, and instead proceeded by the use of force to ruin Mexico by blockading her ports and thus shunting her commerce to the rest of the world. Mexico was prepared all along to submit French claims to the arbitration of Britain, but this France refused to accept.<sup>64</sup>

62. "Speech of the President on the opening of the General Congress of Mexico, January 1, 1840", in British and Foreign State Papers, Vol. 29, 1840-1841, p.1087.

63. Ibid., p.1086.

64. A.H. Feller, The Mexican Claims Commissions 1923-1934, The Macmillan Company, New York, 1935, p.7.



Lord Palmerston's claim that France had not violated any international law by using force to secure redress from Mexico is open to question. The principles of international laws are all founded on the assumption that force is only to be employed or continued to be employed when all other means had failed. It cannot be contended that Mexico remained in this latter predicament when she had expressed her readiness to submit all matters in difference to a neutral tribunal.<sup>65</sup>

It appears that the reason why Britain did not oppose this blockade was because she too had pending claims against Mexico and believed that only by the use of force could the Mexicans redress her foreign claimants. It was therefore the hope of Britain that once the French had applied pressure through the blockade, other claims including her own, would stand a better chance of being settled. It was only after the British business community had complained heavily to both the Foreign Office and Parliament that the British government intervened and offered her mediation. Britain therefore offered her mediation primarily for her own interest rather than for moral reasons. The blockade badly damaged the British trade with Mexico, and also affected her investments in that country since the mining companies were starved of supplies that were essential to keep up production.<sup>66</sup>

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65. For criticism of the French action against Mexico see Lauterpacht, Sir Hersch, The function of Law in the International Community, Clarendon Press, Oxford, 1933, p.160. See also British Parliamentary Papers, Vol. XLVII, 1839, p.288-289 (J.D. Powles to Palmerston, August 30, 1838).

66. See Parliamentary Papers, Vol. XXXI, 1839, p.399-401 and Vol. XLVII, p.275-308.

## CHAPTER VI

### DIPLOMACY OF PREVENTION: ANGLO-MEXICAN COOPERATION IN THE PREVENTION OF THE SLAVE TRADE

Great Britain supported the independence of Latin American nations in the hope that once their independence was consolidated, they would cooperate with her in the abolition of <sup>the</sup> slave trade.<sup>1</sup> After the wars of independence Britain embarked on a preventive campaign to bind these republics in treaties made for the most part in anticipation of attempts by slavers using their flags for protection. It therefore insisted as one of the main prerequisites for recognition of Mexico's independence to be the abolition of slave trade. It was Canning's policy that:

No new state in the New World (would) be recognized  
by Great Britain which (had) not frankly and  
completely abolished the trade in slaves.<sup>2</sup>

No appreciable slave trade existed in Mexico since the seventeenth century for Spain had abolished, though not enforced, the trade on December 19, 1817. Slave trade in New Spain (Mexico) had in fact been suspended for many years before this decree was passed, for slave owners found it uneconomical to maintain slaves.<sup>3</sup>

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1. James Ferguson King, "The Latin American Republics and the suppression of the slave trade", Hispanic American Historical Review, Vol. 24, 1944, p.388, and 391. It is true that political and general commercial considerations were the basic determinants of Britain's preparation to recognize the new republics after 1820, but there is good evidence that the slave trade also figured significantly in this shift of policy.
  2. FO 92/48 George Canning to the Duke of Wellington, no. 4, September 27, 1822, in Charles K. Webster (ed.), Britain and the Independence of Latin America, 1812-1830, Vol. II, OUP, 1938, p.74.
  3. Gonzalo Aguirre Beltran, "The slave trade in Mexico", Hispanic American Historical Review, Vol. 24, 1944, p.430.



During the Mexican wars of independence Father Hidalgo had proclaimed the abolition of slavery on December 6, 1810, and this decree was repeated by his successor José María Morelos. The decree declared that all Mexicans were free and equal. Many of the slaves and oppressed Indian peasantry fled from bondage and joined 'liberation forces' in the fight against Spanish oppression. Even though the decree issued by Morelos was not enforced, many of the runaway slaves failed to return to their former masters when independence was declared.<sup>4</sup> Lack of strong pro-slavery movements and the smallness of the slaves involved, meant that there were no active support for the system. It therefore came to pass without much notice in Mexico proper. The only strong opposition to the abolition of slavery came from American colonists in the province of Texas.<sup>5</sup> The Mexican government feared hostile opposition from these Americans whose economy mainly depended upon slaves.

At the beginning of the nineteenth century there existed in all her enormous extent only about 10,000 slaves. Alexander Von Humboldt estimates that there were about 6,000 negro and 4,000 mulatto slaves

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4. Wilfrid Hardy Calcott, Church and state in Mexico, 1822-1857, Octagon Books, New York, 1971, p.48. Though these decrees were not enforced, but, during the struggle since 1808, the slaves had at one time and another been drawn into the fighting. When the struggle was over, they often failed to return to their old masters. The best workers having gone, there was no object in keeping the financially dependent as slaves.
  5. It was not until 1835 when Texas revolted that the Mexican government under General Santa Anna issued a proclamation there freeing slaves.

compared to 200,000 slaves introduced into the country during colonial rule.<sup>6</sup> Majority of these slaves were assimilated by/<sup>the</sup>indigenous Indian population and a few by/<sup>the</sup>creoles. This gave rise "to the mixture of bloods that forms the biological basis of the Mexican nationality".<sup>7</sup> By 1821 there were less than 3,000 slaves in bondage.<sup>8</sup> A legislative statute passed on September 27, 1822 legally ended the colonial caste system and renounced such terms as mulatto, pardo, zambaigo, and so forth from the national legal and ecclesiastical nomenclature.<sup>9</sup> The effect of this statute was to declare that all Mexicans despite their colour or creed, were equal. This decree, however, failed to establish equality for the creoles continued to dominate the rest of the population throughout the century.

#### British Commission of Enquiry

The 1823 Lionel Hervey Commission of Inquiry that was sent to Mexico to ascertain the independence of that country, was, among other things, instructed to observe whether slave trade had been abolished in that nation. On 15 December that year Hervey wrote to Canning informing him that slave trade had been formerly abolished in Mexico, and that every inhabitant of that country was declared free, as well as every individual who planted his foot on the soil of that nation.<sup>10</sup> He however observed that:

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6. Gonzalo Aguirre Beltran, "The Slave Trade in Mexico", Hispanic American Historical Review, Vol. 24, 1944, p.431, and Alexander Von Humboldt, Political Essay on the Kingdom of New Spain, edited by Mary Mapleo Dunn, Alfred A. Knopf, New York, 1972, p.85.
  7. Gonzalo Aguirre Beltran, "The Slave Trade in Mexico", HAHR, Vol. 24, p.431.
  8. Leslie B. Rout Jnr., The African Experience in Spanish America, Cambridge UP, Cambridge, 1976, p.279. These slaves were concentrated in the coastal areas.
  9. Leslie B. Rout Jnr., The African Experience in Spanish America, Cambridge UP, Cambridge, 1976, p.279. The blackman gradually disappeared; zambos and mulattoes either-became-involved-in the process of miscegenation or strove to hide in their negroid origins.
  10. FO 50/4, Lionel Hervey to George Canning, Mexico, no. 2, 15 December 1823.



... slave trade had ceased to exist, for many years, in Mexico, but that no positive law for its Abolition existed, and although it was suggested that Mexico was bound by the Treaty of 1817, concluded between Great Britain and His Catholic Majesty for the abolition of the slave trade, yet we did not conceive that this state of the Question would prove satisfactory to His Majesty's Government, and we therefore determined to suggest indirectly to the government the expediency of abolishing this inhuman Traffic by a Solemn Act of the National Congress.<sup>11</sup>

Hervey approached Lucas Alamán to persuade him "of the prudence and policy of the measure, not only as conducive to Mexico's future tranquillity, but also as tending to secure for the country the suffrages and good opinion of all European nations, at a crisis so momentous for the future interests of the Mexican nation".<sup>12</sup> Alamán assured Hervey that there would be no problems in passing a decree with the exception of a clause, permitting the introduction of slaves, bona fide the property of colonists who should come to settle in Mexico. There was a party in Congress so in favour of the clause that Alamán feared that it would be difficult to pass any law prohibiting slavery without this concession.<sup>13</sup>

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11. FO 50/4 Lionel Hervey to George Canning, Mexico, no. 8, 18 January 1824.
  12. FO 50/4 Lionel Hervey to George Canning, Mexico, no. 8, 18 January 1824.
  13. FO 50/4 Lionel Hervey to George Canning, Mexico, no. 8, 18 January 1824.

Hervey feared that the permission of such a clause would render the law ineffective. It was his belief that such a clause would open the door to contraband traffic in slaves to Texas. Alamán was however willing to frame the clause in such a way that the colonists would be constrained to produce certificates of the slaves having been their bona fide property for six months previous to their importation, and that the slaves themselves should be, de facto, enfranchised, at the expiration of ten years.<sup>14</sup>

Hervey's lack of instructions to negotiate any treaty with Mexico for the abolition of the trade did not impede him from expressing strong British feelings against those states that had not officially abolished slavery. He however assured Lucas Alamán that it was not the wish of his commission or of his government to persuade or entice the Mexican government into the adoption of any measure, which might be deemed prejudicial to her interests. He however left Mexico with the choice of either abolishing the trade or of postponing the probable public recognition of their independence by Great Britain and the appointment of a British minister.<sup>15</sup> He further made it quite clear that his

14. FO 50/14 Lionel Hervey to George Canning, Mexico, no. 8, 18 January 1824. There was a strong fear among Mexican congressmen that any constraints or restrictions as to the importation of slaves into Texas would cause American colonists to oppose such a move. This could then lead to a political crisis with the colonists succeeding into the southern states of the United States. Abolition of slavery was therefore a delicate problem that Mexican Congressmen tried to evade or postpone.
15. FO 50/14 Lionel Hervey to George Canning, Mexico, no. 8 18 January 1824.



government was determined not to conclude any treaties for the abolition of the traffic, or to enter into negotiations of any kind with governments that had not previously abolished the slave trade by a public act.

Though Mexico was willing to enter immediately into any negotiations that would lead to the abolition of the trade, the government was not keen on passing a decree to abolish slavery.<sup>16</sup> Her main concern was the province of Texas where American colonists, whose economy depended on slaves, would oppose the measure bitterly. It was her fear that it could lead to the secession of the province, and probable annexation by the United States. On the other hand it was important that her independence should be recognized by Britain, a leading European nation and a world power. Mexico also looked to Britain more than any other country for friendship and financial assistance to consolidate her independence.<sup>17</sup>

Hervey put further pressures for a public act by arguing that a decree passed by Mexican Congress voluntarily abolishing the trade would enhance Mexico's image abroad. It was his argument that:

16. Lucas Alamán to Lionel Hervey, Mexico, January 7, 1824. Enclosure in FO 50/4, no. 8.

17. Manuel Payno, Mexico and her financial question with England, Spain and France. Report by Order of the Supreme Constitutional government of the Mexican Republic, Ignacio Complido, Mexico, 1862, p.2-3. Britain for many years before independence showed the greatest sympathy for the emancipation and aggrandizement of the Spanish American colonies. Under George Canning, the sympathies of the English Cabinet towards the new nations that gained their independence, were so manifest and so marked that the new republics availed themselves of these favourable circumstances to raise money in London, the centre of wealth and commerce.

It would have produced a much better effect in those countries which are anxious for the prosperity of Mexico, if one of the first public measures of a nation, herself emerging from slavery, had been the voluntary abolition of a traffic as prejudicial to the countries which have permitted it, as contrary, and insulting, to the principles of the Christian religion.<sup>18</sup>

Mexico therefore bore down to British pressures and on 15 January 1824 Congress passed a law unanimously abolishing<sup>the</sup> slave trade. It was declared that:

1. The commerce and traffic of slaves coming from whatever powers and under whatever flag, was forever prohibited in the territory of the Mexican states.
2. Slaves that may be introduced contrary to the tenor of the former Article, become free, from the mere act of touching the Mexican territory.
3. Every vessel, whether national or foreign, in which slaves may be transported or introduced into the Mexican territory shall be, without remission, confiscated with the rest of its cargo, and the proprietor, the purchaser, the captain, the master and the pilot shall suffer the penalty of ten years imprisonment.

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18. FO 50/4 Lionel Hervey to Lucas Alamán, Mexico, 8 January 1824 (enclosure 2 in no. 8).



4. All the colonists from the American continents and the adjacent islands are permitted to bring only those slaves in their possession whom they had owned for a period of more than one year before coming to Mexico. Children of slaves born in Mexico were to be freed, and the slaves brought into the country were to be set free after a period of ten years.<sup>19</sup>

The effect of this law was that after a decade no real slaves existed in Mexico, except for a few remnants of it to be found in certain areas.<sup>20</sup> In 1829 President Guerrero who was invested with extraordinary powers, issued another decree abolishing forever slavery in Mexico except in the province of Texas. This decree which was signed on September 15, 1829 and proclaimed a day later, was the result of the pressure exacted by Deputy José María Tornel.<sup>21</sup>

19. FO 50/4 Lionel Hervey to George Canning, Mexico, no. 8 enclosure 3, 18 January 1824. Various states laws on the abolition of slavery were also passed between 1825 and 1827 by the various Mexican states.
20. Wilfred Hardy Callcott, Church and State in Mexico, 1822-1857, Octagon Books, New York, 1971, p.69, and John Lynch, The Spanish American Revolutions 1808-1826, p.332.
21. Wilfred Hardy Callcott, Church and State in Mexico, 1822-1857, Octagon Books, New York, 1971, p.70. This decree was however not enforced in the frontier states and another law to the same effect had to be passed on 5 April 1837. This abolition thus completed a process of emancipation which had been accelerated in the course of the eighteenth century, when slave labour market became too expensive and many ex-slaves came on the free labour market, joining those negroes who had already gained freedom through grant, or purchase, or escape. High costs, uncertainty of supply and heavy mortality rate among slaves, forced owners to free many of their slaves every year. See John Lynch, The Spanish American Revolutions 1808-1826, p.332, and FO 50/20 H.G. Ward to Canning, Mexico, 13 March 1826.

The only opposition to this decree came from Coahuila and Texas, where putting it into effect would have created a real economic hardship upon plantation owners. The government therefore exempted Texas in an effort not to arouse hostility and a political crisis. There was a fear that any attempts to enforce the decree would lead to the colonists declaring themselves independent of Mexico, and thus join the pro-slavery southern states of the United States of America.<sup>22</sup>

For nearly a year after the signing of a treaty of Amity, Commerce and Navigation between the two countries, Britain paid very little attention to the question of signing a treaty for the abolition of the trade. This was mainly because, apart from Texas there were hardly any slaves of any significance in Mexico. Furthermore, there was hardly any traffic of slaves to that republic. There was also no fear of slavers using the Mexican flag for protection.<sup>23</sup> Slave traders preferred to use the flags of big nations like the United States and Spain. Britain was therefore more concerned in the prevention of these nations' flags being used by slavers for protection, than in signing treaties with small nations like Mexico where the trade was not important. As far as Britain was concerned at this time, public laws abolishing the trade were enough in this particular case.

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22. Wilfred Hardy Callcott, Church and State in Mexico 1822-1857, Octagon Books, New York, 1971, p.70.

23. The use of the Mexican flag to protect the trade to Cuba and Brazil was unnecessary and inconvenient, so long as slavers could obtain the protection of more powerful nations. Britain therefore, for the time being, concentrated her efforts on securing effective treaties with the latter nations.



### Palmerston's Preventive Diplomacy

Lord Palmerston's tough measures against big nations that tolerated their flags being used by slavers forced those engaged in the trade to seek protection elsewhere. Palmerston was convinced that denunciations of the traffic by foreign powers by themselves alone were insufficient. He found that the principles of reciprocal search and mixed tribunals to be insufficient unless accompanied by an "equipment clause" permitting the seizure of slave ships with no slaves on board, and a stipulation for breaking up condemned ships.<sup>24</sup> Hence the British Foreign Secretary began to negotiate a new series of tougher treaties with the principal slave trading nations to supersede imperfect prior agreement.

Palmerston also took measures to prevent small nations from providing protection to slavers using their flags. Britain and Brazil in an effort to end the trade in Latin America agreed that their representatives in this region would unite in a joint effort to persuade other states to enter into treaties for the abolition of the trade, and to declare it a piracy.<sup>25</sup> On 13 November 1836 Richard Pakenham was therefore instructed by Palmerston to invite the Mexican government to enter into a treaty with Britain for the more effectual abolition of the slave trade, and to declare it a piracy. He was instructed to request the Mexican government to:

24. James Ferguson King, "The Latin American Republics and the suppression of the slave trade", Hispanic American Historical Review, Vol. 24, p.394.

25. Richard Pakenham to Señor Monasterio, Mexico, 7 March 1836, British and Foreign State Papers, Vol. 25, 1835-1836, p.346. Britain was able to sign a treaty for the prevention of the slave trade with Brazil, the largest slave trading nation in Latin America, on November 23, 1826 which made it illegal for Brazilians to indulge in this trade which was from then on deemed as piracy. The Brazilians accepted under this treaty the terms of the Anglo-Portuguese agreement of 1817 which made the slave trade in all parts of Africa north of the equator illegal. Britain was however not able to sign a similar agreement with Mexico until 1841.

cooperate with His Majesty's Government in  
 effecting the total abolition of a trade, of  
 they ha(d) in fact, by repeated public acts,  
 proclaimed their abhorrence and detestation.<sup>26</sup>

José Ortiz Monasterio, Mexico's Acting Secretary for Foreign  
 Relations, immediately acceded to the principle of the treaty proposed.  
 He however reserved to his country the right to consider in detail the  
 several stipulations to which it had been invited to subscribe. He  
 assured the British minister that his country was desirous of  
 cooperating with Britain to see that the trade was declared a piracy.<sup>27</sup>

As a result of this British initiative and Mexico's desire to  
 cooperate with her, the latter issued a proclamation on 5 April 1837  
 declaring the abolition of the slave trade throughout the republic.  
 The declaration declared that:

1. Slavery without exception is abolished throughout Mexico.
2. Masters shall be indemnified by estimates made of slaves' quality.
3. Masters shall present said proceedings to the supreme government who shall direct the General Treasury to issue the corresponding obligations to them for the amount of the respective value.
4. The settlement shall be affected in the manner which appears most equitable to the government, conciliating the rights of the individuals concerned with the actual state of the public revenue.<sup>28</sup>

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26. Richard Pakenham to Lord Palmerston, Mexico, 13 March 1836, enclosure 1. British and Foreign State Papers, Vol. 25, 1835-36, p.346.

27. Señor Monasterio to Richard Pakenham, Palace of National Government, Mexico, March 12, 1836 in British and Foreign State Papers, Vol. 25, 1835-1836, p.347.

28. Decree for the Abolition of Slavery, April 1837 in British and Foreign State Papers, Vol. 26, 1836-1837, p.639-640.



This decree proved more effective than previous ones because for the first time the government took positive measures towards compensating slave owners. Those who still owned slaves found it easy now to give them up in exchange of the compensation. This offer was however denied to the revolting colonists of Texas as a retaliation to their secession attempts.

Further measures towards tightening restrictions on slave trade were taken on 25 April when the Mexican government signed with Britain a treaty for the abolition of slave trade. The effect of this treaty was to prevent Mexicans from engaging in the trade, and also to prevent the use of the Mexican flag by slavers.<sup>29</sup> Unfortunately the Mexican Congress refused to ratify the treaty. The Committee of Foreign Affairs, appointed by the Chamber of Deputies to examine the treaty, presented a report to Congress in October which was not in favour of ratification.<sup>30</sup>

The Committee found insuperable objections to the treaty. It held that as an indispensable requisite, all due circumspection should be exercised in the conclusion of treaties with foreign countries. It argued that this measure would avoid creating engagements, which perhaps were hard to fulfil. The Committee through protesting Mexico's devotion to "so grand an object as the abolition of the slave trade", it recommended rejection primarily because of its fear of the reciprocal search feature proposed by Britain. It regarded this right as "odious".<sup>31</sup>

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29. Richard Pakenham to Lord Palmerston, Mexico, 25 April 1837, British and Foreign State Papers, Vol. 26, 1836-1837, p.637.

30. Charles Ashburnham to Lord Palmerston, Mexico, October 3, 1837. British and Foreign State Papers, Vol. 26, 1836-1837, p.641.

31. Report of the Chamber of Deputies, Mexico, August 31, 1837, in British and Foreign State Papers, Vol. 26, 1837-1838, p.642-646.

It did not, however, object to the first two articles so long as they did not go further than the declaration that the slave trade is abolished by all parties, and that Mexico should take steps, when necessary to prevent her citizens from defiling themselves with that "Criminal Commerce".<sup>32</sup> The Committee totally objected to Article III of the treaty. It argued that it would not suit Mexico to adopt that article. It further regarded Article IV which declared the right to search and examine merchant vessels of both nations which were, had or were about to engage in the trade, as odious.<sup>33</sup> It argued that this right would create obstacles to the advancement of Mexico's infant mercantile navy. It feared that the acceptance of this article would expose the republic to dangers which it might inadvertently or innocently fall into by not fulfilling its obligations. It further argued that the detention of a Mexican vessel could never, in any case, be just inasmuch as by the laws of the republic were concerned.<sup>34</sup> It argued that the small number of ships owned by Mexicans would make it impossible for them to engage in the trade.

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32. Report of the Chamber of Deputies, Mexico, August 31, 1837, in British and Foreign State Papers, Vol. 26, 1837-1838, p.642-646.

33. Report of the Chamber of Deputies, Mexico, August 31, 1837, in British and Foreign State Papers, Vol. 26, 1837-1838, p.642-646. Article III stipulated that Mexico assimilate its laws to those of Great Britain, in as far as regards the crime of slave trading. Mexico insisted on enacting her own law to declare pirates all citizens of the republic who shall engage in the slave trade, and all other individuals carrying on the slave trade under the Mexican flag. See British and Foreign State Papers, Vol. 28, 1839-1840, p.873.

34. Report of the Chamber of Deputies, Mexico, August 31, 1837, in British and Foreign State Papers, Vol. 26, 1837-1838, p.642-646.



The Committee opposed the article proposing the stationing of Mexican cruisers to guard against the trade. It argued that it was very difficult for Mexico to station its cruisers at the cruising grounds for the smallness of its navy would necessitate the appointment of its best officers in the "actual service of the country on so delicate a commission".<sup>35</sup> It feared that these officers would incur heavy responsibilities through the inexperience of those who would be chosen to work under them. The Committee also objected to the stipulation that all the damages and indemnifications for the wrongful arrest of ships were to be borne by the nation to which the culpable officers belonged. It could not accept such a risk because Mexico lacked an efficient naval force. It objected to the right of search in all the areas mentioned in the treaty.<sup>36</sup> It further found this article to be inadequate for it did not specify who was to search suspected ships. The article also failed to specify the number of officers to be allowed to conduct such a search. In all the committee found the treaty to be inadequate and not in the interest of Mexico.

The lack of compromise between the two governments dragged negotiations and the exchange of ratifications in London. There followed nearly four years of laborious negotiations, interrupted by the 'war' between France and Mexico in 1838, and the chronic domestic political disturbances. In an effort to reach an agreement, Charles Ashburnham, the Acting British Minister in Mexico, was instructed by

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35. Report of the Chamber of Deputies, Mexico, August 31, 1837, in British and Foreign State Papers, Vol. 26, 1837-1838, p.642-646.

36. Report of the Chamber of Deputies, Mexico, August 31, 1837, in British and Foreign State Papers, Vol. 26, 1837-1838, p.642-646.

Palmerston to enter into fresh negotiations with the government of that country.<sup>37</sup> The British government was prepared to concede to some of the Mexican demands. It was prepared to exempt Mexico from the exercise of the right of search, and to exclude the Mediterranean and other seas, excluded in the Spanish treaty, from the area where ships could be searched by the British navy. It was also prepared to exempt Mexicans from employing any cruisers for patrol for the next eight years after the signing of the treaty, if it was inconvenient for her to do so.<sup>38</sup>

Charles Ashburnham was also instructed to conclude Additional Articles if the new British proposals were accepted. The British government was interested in adding to the treaty Additional Articles like those concluded with the French government.<sup>39</sup> These articles were to grant permission to have arrested ships and their slaves handed over to the appropriate government for trial. This measure was intended to save slaves from the danger due to distance to which they were to be transported to the courts of the arresting nation. Britain therefore proposed that they should be sent to the nearest court whether Mexican or British.

37. Lord Palmerston to Charles Ashburnham, Foreign Office (London), February 15, 1838 in British and Foreign State Papers, vol. 26, 1837-1838, p.647-8.

38. Lord Palmerston to Charles Ashburnham, Foreign Office (London), February 15, 1838 in British and Foreign State Papers, Vol. 26, 1837-1838, p.647-8. Palmerston was prepared to grant Mexican vessels the freedom from search along the Gulf of Mexico and in Mediterranean and European Atlantic waters.

39. ibid.



On their part, Mexican officials insisted that freed slaves should be issued with certificates. They strongly opposed the right of search proposed by Britain fearing that such an article would impede their navigation of the seas.<sup>40</sup> They also feared that British cruisers would humiliate them by frequent detention and search of their trading ships. They argued that there would be no practical reciprocity due to the ineffective nature of their young navy.

They were however willing to negotiate for a treaty that would be of mutual benefit to both nations. They appointed two members of Congress, a deputy and a senator, to act as assistant plenipotentiaries.<sup>41</sup> These two officials were thus to become a party to any treaty concluded with Britain. The Mexican government hoped that by this measure, Congress would easily ratify the treaty to be signed. Senor Canedo, the Mexican Secretary for Foreign Relations, was invested with full powers to negotiate the treaty in November 1839. Unfortunately this was delayed due to "certain affairs of great importance, which (then) occupi(ed) the exclusive attention of the government".<sup>42</sup>

40. Charles Ashburnham to Lord Palmerston, Mexico, March 6, 1838 in British and Foreign State Papers, Vol. 27, 1838-1839, p.726.

41. Richard Pakenham to Lord Palmerston, Mexico, June 22, 1839 in British and Foreign State Papers, Vol. 28, 1839-1840, p.866-7. On 28 June 1839 the Mexican government requested Congress to permit Senator Sebastian Camacho and Deputy Hermenegildo Viya to proceed in conjunction with the British Minister, Richard Pakenham to negotiate a new treaty for the effectual abolition of the slave trade.

42. Richard Pakenham to Lord Palmerston, Mexico, 24 November, 1839, in British and Foreign State Papers, Vol. 28, 1839-1840, p.868. The Mexican government was preoccupied with French hostile attitude and its blockade of her ports, and internal political revolt led by some federalist rebels. There was also a total change of government in August. On the other hand, Congress regarded the talks with Britain on slave trade as being of very little significance to Mexico. By August they had taken no action to sanction talks that Pakenham pressed Juan de Dios Cañedo to press Congress for action. It was not until October that Congress gave the go ahead to Senor Canedo to proceed and hold talks.

Pakenham pressed Señor Cañedo to immediately enter into negotiations pointing out to him that the governments of Venezuela, Chile and Buenos Aires (modern Argentina), had already concluded with Britain treaties for the effectual abolition of the slave trade. Pakenham hoped that:

Mexico (would) not be the last state in the New World to concur with their fellow christians in the Old World in putting an end to a system of crime, which had so long contrived to disgrace the character of civilized nations.<sup>43</sup>

The British government, though disappointed by the slowness to enter into a new treaty, Pakenham continued to press Senor Canedo to open up talks. In January 1840 Pakenham held two negotiation talks with Mexican officials.<sup>44</sup> They examined the report of the Committee of the Chamber of Deputies that led to the rejection of the 1837 treaty. Señor Cañedo wanted the new treaty to avoid any clauses and stipulations which the committee had seriously objected. Pakenham was prepared to concede to some of the Mexican demands but he was not prepared to drop the right of search. It was his argument that without it, the treaty would not be effective.<sup>45</sup>

43. Richard Pakenham to Señor Cañedo, Mexico, November 18, 1839 in British and Foreign State Papers, vol. 28, 1839-1840, p.870-871.

44. Richard Pakenham to Señor Cañedo, Mexico, January 3, 1840. British and Foreign State Papers, Vol. 28, 1839-1840, p.872. Though the British government was much disappointed that this matter had not been brought to a satisfactory termination, Lord Palmerston continued to instruct Pakenham to continue earnestly to press upon the Mexican government the conclusion of the treaty for the abolition of slave trade.

45. Richard Pakenham to Viscount Palmerston, Mexico, January 3, 1840 in British and Foreign State Papers, Vol. 28, 1839-1840, p.872.



Señor Cañedo expressed his entire assent to the observations and undertook, before proceeding further, to communicate with the leading members of the committee. It was his hope to induce them to accede to the views entertained by the British minister and himself. He warned them that unless he could look forward with some prospect of success to obtaining the ratification of the Chambers, it would not only waste his time but it would also have the appearance of trifling with the British government.<sup>46</sup>

Negotiations between the two countries were successfully brought to an end in March 1840 when the British government conceded some of the Mexican demands. It agreed to change the wording of Article III to read:

The government of Mexico engages to introduce in the National Congress a law, which shall declare pirates all citizens of the Republic who shall engage in the trade in slaves, and all other individuals carrying on the slave trade under the Mexican flag.<sup>47</sup>

Pakenham was successful in persuading the Mexican government that without a stipulation granting the right of search, no treaty concluded could be of the least avail. He was able to convince Mexican officials that because Mexico did not possess a sufficient naval force to prevent the slave trade, that unless the execution of such preventive measures were committed to another power, the trade could easily be

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46. ibid.

47. Richard Pakenham to Viscount Palmerston, Mexico, March 3, 1840, in British and Foreign State Papers, Vol. 28, 1839-1840, p.873-877.

carried by vessels using the Republic's flag with entire safety and impunity.<sup>48</sup>

Señor Cañedo insisted that the reciprocal right of search would not be exercised in the seas of Mexico, within the distance of twenty leagues from the Republic's coast. Texas was to be regarded as an exception, and the British were thus to be granted the right of search as long as that department remained in revolt. This right was to cease as soon as Mexican authority was restored.<sup>49</sup>

Pakenham objected to this last proposal insisting that the right of search should be limited to that portion of the Gulf of Mexico lying within a line drawn from the mouth of the Rio Bravo del Norte to the Port of Sisal. This was the area where the principal coastal trade of Mexico was carried on, and was also out of the track of slaving vessels.<sup>50</sup> It was his belief that nothing would be lost by excluding this region from the exercise of the right of search. It was north and east of Sisal towards Cotoche, and to the eastward and southward of Cape Cotoche, towards the Bay of Honduras where slave trade was carried on. Pakenham also agreed to exclude the Mediterranean and other seas exempted in the Spanish treaty as Mexicans had insisted.

Article V was also worded like those in the 1835 Spanish treaty. This article related to the forms to be observed in the search of vessels

48. Richard Pakenham to Viscount Palmerston, Mexico, March 3, 1840, in British and Foreign State Papers, Vol. 28, 1839-1840, p.873-877.

49. ibid.

50. ibid.



sailing under convoy. The Mexican committee had objected to the differences observable in this respect between the treaty with Mexico as it formally stood, and those concluded with other nations.

Objections were also raised to Article VII which stipulated that vessels arrested should be brought to trial before a tribunal of the country to which the arresting cruiser belonged. Mexican officials therefore insisted on the article being framed in similar wordings as to that in the Anglo-French treaty.<sup>51</sup>

Pakenham objected claiming that such a measure would be highly inexpedient. He argued that if a slave ship held off the Coast of Africa were to be taken to Mexico for trial, the lives of the slaves in the ship would be endangered by this long and uncomfortable voyage. Señor Cañedo rightly believed that without this concession, the Mexican Congress would not ratify the treaty.<sup>52</sup> Pakenham therefore conceded to this demand. He however insisted that vessels captured in the Gulf of Mexico and westwards of longitude 88 degrees were to be brought to trial before a Mexican tribunal. Ships captured eastwards of the longitude were to be sent for adjudication to the nearest British possession.<sup>53</sup>

51. Richard Pakenham to Viscount Palmerston, Mexico, March 3, 1840, in British and Foreign State Papers, vol. 28, 1839-1840, p.873-877.

52. Señor Cañedo felt that some concession should be made to the committee for Foreign Affairs selected by Congress to study the proposals originally put forward by the British government. See Richard Pakenham to Viscount Palmerston, Mexico, March 3, 1840, in British and Foreign State Papers, vol. 28, 1839-1840, p.873-877.

53. ibid.

Pakenham was convinced that there would be no chance of obtaining a ratification of the treaty unless power was reserved to Mexico to withdraw from its engagements if the treaty proved to be of no benefit to her. He observed that under any circumstances the treaty was likely to meet with a good deal of opposition in the Mexican chambers. He believed that if Mexico was given the right to withdraw from its commitments if the treaty proved to be against her national interest, it could act in favour of ratification.<sup>54</sup>

Pakenham was forced against his inclination to include in the treaty, an article declaring that the treaty was to continue into force for a term of eight years from the day of its ratification.<sup>55</sup> Mexican officials insisted that after this period the parties involved should be free to annul the treaty on giving six months' notice. The first Article of the Additional Article was altered to exempt the Mexican government from the obligation of employing its cruisers during the duration of the treaty. Mexico was however to employ her cruisers whenever circumstances allowed her to do so. She was to give Britain an advance warning of her intention to do so.

Article I of Annex A was changed in order to harmonise with Article VII on which it depended. Annex C was also changed for slavery had for many years ceased to exist in the republic. It therefore seemed to Pakenham unnecessary to insist upon the adoption of such precise

54. After consulting with the Mexican Committee, Pakenham reached this conclusion that there would be no chance of obtaining ratification of the Congress to the treaty, unless power were reserved to Mexico from the engagements contracted by it, if at the expiration of a certain number of years, experience should prove that inconvenience was occasioned therefrom to the republic's national interests. He expected that the treaty would meet a good deal of opposition under any circumstances.

55. Richard Pakenham to Viscount Palmerston, Mexico, March 3, 1840, in British and Foreign State Papers, Vol. 28, 1839-1840, p.875.



stipulations as those contained in the Annex C of the original treaty.<sup>56</sup> This former article guaranteed proper treatment of freed slaves and prevented them from being kidnapped into slavery. Mexico opposed to the inclusion of such an article for it argued that slavery had long been abolished. They saw no need for a special law for the laws of the republic guaranteed equality and liberties for all individuals regardless of their colour.<sup>57</sup> A compromise was therefore reached whereby the two sides agreed to adopt in substance the regulations annexed to the 1835 Spanish treaty. This adoption was because Britain insisted that slavery was still tolerated in Mexico.

In January 1841 President Santa Anna appointed Señor Cuevas to proceed to London to complete with Pakenham the negotiations for the treaty. At this final stage the treaty had undergone further changes and modifications. In Article II, instead of the stipulation on the part of Mexico "that within two months after the exchange of the ratifications", a law should be passed, imposing the severest punishment on persons taking part in the slave trade, it was modified to read that

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56. Richard Pakenham to Viscount Palmerston, Mexico, March 3, 1840, in British and Foreign State Papers, Vol. 28, 1839-1840, p.876.

57. ibid. A legislative statute passed on 27 September 1822 had legally ended the colonial caste system and removed such terms as mulato, pardo, zambaigo, and so forth from the national legal and ecclesiastical nomenclature. All white, indian, mestizo, and negroid inhabitants were declared equal before the law. After the emancipation of the negro, he disappeared gradually; zombos and mulattoes either became further involved in the process of miscegenation or strove to hide their negoid origin. See Leslie B. Rout, The African Experience in Spanish America, Cambridge University Press, Cambridge, 1976, p.279-280.

the Mexican government undertakes to procure the enactment of the proposed law "as soon as possible".<sup>58</sup> This change was agreed because the two sides felt that the period fixed for the despatch of business in Congress might not admit of the law being passed within two months after the exchange of ratifications; and also that a stipulation so peremptory in point of time might indispose the Chambers, and create a difficulty with regards to ratification.

Article III was changed upon Palmerston's instructions to read that both the High Contracting parties shall promulgate or propose in their respective legislatures the most suitable measures for carrying into immediate execution of the laws of piracy which were to be applicable to the slave trade according to the legislation of the two countries, with respect to their vessels and subjects or citizens.<sup>59</sup>

Article VII was altered to allow Mexican vessels captured in the Gulf of Mexico, and to the westwards of 88 degrees longitude, to be brought to trial before a Mexican tribunal. It was also proposed that British ships captured within these confines should be taken to a British possession for trial, while both Mexican and British ships detained to the eastward of longitude 88 degrees should be sent for adjudication to the nearest British possession. Señor Cuevas objected to this stipulation because it did not offer sufficient reciprocity to Mexico. He argued that while in no case were British vessels to be

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58. Richard Pakenham to Viscount Palmerston, Mexico, January 25, 1841 in British and Foreign State Papers, Vol. 30, 1841-1842, p.1115.

59. Richard Pakenham to Viscount Palmerston, Mexico, January 25, 1841, in British and Foreign State Papers, Vol. 30, 1841-1842, p.1116. Also FO 50/150 Palmerston to Pakenham, Foreign Office, 10 June, 1840.



subjected to <sup>Mexico</sup> Mexican vessels captured east of longitude 88 degrees were to be brought before the British courts. He insisted that the Mexican Congress would not agree to such a stipulation.<sup>60</sup>

It was therefore agreed that vessels detained in conformity with the provisions of the treaty, were to be sent for trial to the nearest possession of the country to which the captured ship belonged, except there should happen to be slaves on board. In such a case the vessel was then to be sent to the nearest possession of either of the contracting parties, or to such a place belonging to either of them as the commander of the capturing ship shall think may be soonest reached, in order that slaves may be there disembarked. The vessel, with her cargo, commander and crew was then to be sent to the place where she was to be tried, in conformity with the proceeding provisions of the same Article.<sup>61</sup>

Palmerston objected to the limitation of the treaty to a term of years proposed, arguing that it would cause a lot of inconvenience.<sup>62</sup> This term was therefore dropped in the final treaty, but some provision was made for a revisal of the treaty by mutual consent, in case it were to be found to cause vexation or annoyance to Mexican commerce. Instead of the article which limited the term of the treaty to eight years, a new article was introduced to the effect that, should the commerce of the two nations be effected, the High Contracting Parties were to consult together in future for the complete attainment of the end proposed.

60. Richard Pakenham to Viscount Palmerston, Mexico, January 25, 1841 in British and Foreign State Papers, Vol. 30, 1841-1842, p.1116.

61. ibid.

62. FO 50/133 Viscount Palmerston to Richard Pakenham, 10 June 1840.

The aim of the treaty was to abolish slave trade without causing inconvenience to the respective merchant shipping of the two nations.<sup>63</sup>

On 24 February 1841 the treaty was thus concluded by the two governments. Pakenham requested the Mexican government to issue to their agents in slave holding countries instructions similar to those sent by Palmerston to British diplomats in these states. The Mexican Secretary of Foreign Relations in complying with this British demand prohibited Mexican diplomats in slave holding countries from directly or indirectly holding interest in slave property.<sup>64</sup>

British recognition of Texas independence delayed the ratification of the treaty by the Mexican Congress. It regarded the British move as an act of hostility towards Mexico. The Mexican government feared that if the treaty was brought before Congress majority of the members would oppose its ratification. Such a result would not only have been a great disappointment to the British government, but it would also have formed a serious obstacle to the ratification of any fresh treaty upon the same subject.

The revolution that brought General Santa Anna back to power also led to the dissolution of Congress. The General was thus invested with both legislative as well as executive powers. As soon as peace was

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63. FO 50/133 Viscount Palmerston to Richard Pakenham, 10 June 1840.

64. Richard Pakenham to Earl of Aberdeen, Mexico, January 31, 1842 in British and Foreign State Papers, Vol. 31, 1842-1843, p.578.  
For the full text of the treaty see the Appendix II of this thesis.



restored, Pakenham pressed the new government to ratify the treaty. General Santa Anna immediately agreed to ratify the treaty, and on April 13, 1841 Pakenham signed with José María de Bocanegra an Additional Article accounting for the delay which had taken place for the exchange of ratifications.<sup>66</sup> The Additional Article stipulated that ratifications were to be exchanged in London six months from that date. On 29 June 1842 Lord Aberdeen, the new British Foreign Secretary, exchanged the ratifications of the treaty with the Mexican Minister to Great Britain, Senor Tomas Murphy.<sup>67</sup>

The treaty for the effectual prevention of slave trade was properly enforced for there are no records indicating Mexican vessels being brought before the Courts of Adjudication in Sierra Leone or elsewhere.<sup>68</sup> Furthermore Mexico did not break its pledges, for the trade was of little significance to the republic, and it was also inconvenient for slavers to use her flag for protection since they could easily use flags of more powerful nations like the United States and Spain.

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66. Richard Pakenham to Señor Bocanegra, Mexico, February 9, 1842 and Richard Pakenham to Earl of Aberdeen, February 17, 1842 in British and Foreign State Papers, Vol. 31, 1842-1843, p.578-580.

67. The Earl of Aberdeen to Señor Murphy, Foreign Office (London), June 28, 1842, in British and Foreign State Papers, Vol. 31, 1842-1843, p.580.

68. Report of the Select Committee of the House of Lords for the final Extinction of the African Slave Trade, London, 1849, p.10-23.

This treaty was meant for the prevention purposes in case slavers tried to use the republic's flag for protection. The treaty took along time to ratify due to the Mexican Congress fear that it lacked reciprocity and was not in the interest of the republic.<sup>69</sup> They did not want to commit their country into tasks that were impossible to fulfil. It further feared that the right of search could prove both inconvenient and harmful to Mexican mercantile trade. Other factors such as political disturbances, French blockade of Mexican ports and British recognition of Mexican province of Texas as an Independent State, led to further delays in ratification by Congress.<sup>70</sup>

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69. James Ferguson King, "The Latin American Republics and the Suppression of the Slave Trade", Hispanic American Historical Review, Vol. 24, p.403.

70. James Ferguson King, "The Latin American Republics and the Suppression of the Slave Trade", Hispanic American Historical Review, Vol. 24, p.410.



## CHAPTER VII THE BRITISH MINING VENTURE

The fall of Spanish rule in Mexico opened up great opportunities for British investments, especially in the area of mining. Seven British companies were formed between 1822 and 1825 to work the mines of Mexico which since the seventeenth century had been the chief source of world silver.<sup>1</sup> Sums of money were poured into Mexico by the British public in an effort to restore the mines to their former importance. The British public and the several companies formed believed that the introduction of British technology, skill and capital, would work miracles and produce for them quick profits.<sup>2</sup> Experience was to prove them wrong, and the whole venture ended up in serious financial losses.

The withdrawal of Spanish capital, the only funds that promoted any branch of industry in Mexico, the destruction of mines and the disorganization of society as a result of the eleven years of the wars of independence, were a serious drawback to the mining industry.<sup>3</sup> The mining industry had been devastated by the wars of independence during which time production fell less than a quarter, the workforce of the mining industry was disposed; mining towns, the workings, the mints

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1. Tom J. Cassidy, "British Capital and the Mexican Silver Mining Industry, 1820-50, Working Papers No.21, Centre of Latin American Studies, University of Cambridge, p.1, and Robert W. Randall, Real del Monte - A British Mining Venture in Mexico, University of Texas, Austin, 1972, P.XI.
  2. Henry George Ward, Mexico, Vol.I. Henry Colbwin, London 1929, p.415.
  3. Tom J. Cassidy, "British Capital and the Mexican Silver Mining Industry, 1820-50, Working Papers No.21, Centre of Latin American Studies, University of Cambridge, p.1.

and archives were destroyed; transportation of the bullion and supplies was hazardous at best; and mines were filled with water, timber rotted shafts collapsed, roads fell into disrepair, and the deepest and richest mines were abandoned when it became impossible to drain them. By 1823 Mexican mines were flooded and derelict.<sup>4</sup>

Loss of confidence by Peninsulares resulted in the withdrawal of their capital, thus causing the collapse of both the industry and the Mexican economy as a whole. Most of this capital was withdrawn to Spain prior to and after independence in 1821.<sup>5</sup> Henry George Ward estimates the sum to be around 36½ million pesos,<sup>6</sup> Mexicans claim the figure exceeded 100 million pesos,<sup>7</sup> while Charles MacKenzie, the British

4. Marvin D. Bernstein, The Mexican Mining Industry, 1890-1950, State University of New York, New York, 1964, p.12; John Lynch, The Spanish American Revolutions, 1808-1826, Weidenfeld and Nicolson, London, 1973, p.328; N..Ray Gilmore, "Henry George Ward, the British Publicist for Mexican mines" Pacific Historical Review, Vol. 32, 1963, p.37; W.F. Cody, British interests in the independence of Mexico, Ph.D. Thesis, Univ. of London, 1954, p.304; H.G. Ward Mexico Vol.I. Henry Colburn, London, 1829, p.413.
5. Brian R. Hammett, Politics and Trade in Southern Mexico, 1750-1821, Cambridge, 1971, p.146; and John Lynch, op.cit. p.328. The exodus of Peninsulares' capital began in 1814 when two convoys left with 12 million pesos. The withdraw of capital from Mexico was so alarming that in February 1815, Viceroy Calleja complained to its extraction to the detriment of industry and government finance. On February 12, 1818 Viceroy Apodaca complained that the withdrawal of capital had not abated. By the end of 1822 the whole of the remaining surplus capital of Mexico was withdrawn from circulation. The result was that the coinage of Mexico fell to 3½ m pesos. The decision of the Mexican government to expel Peninsulares in 1829 also put their capital to flight.
6. H.G.Ward, Mexico, Vol.I, Henry Colburn, London, 1829, p.383.
7. H.G.Ward, Mexico, Vol. I, Henry Colburn, London, 1829, p.336 and 382. Ward claims that the calculations of the best informed of those he consulted upon the subject, vary from 80 to 140 million pesos, a very large proportion of which was exported in gold and silver. However he disagrees with these figures, for he argues that the minimum of 80 million pesos would have left the country without any circulating medium at all.



Consul of Jalapa in 1824 puts the amount at 140 million pesos.<sup>8</sup> At any rate, the loss was a severe blow to the new state of Mexico.

After 1821, mining recovered slowly but capital to sustain the industry was lacking, the commercial impulse was inhibited the clergy monopolised the wealth of a closed traditional oriented society, and the injection of foreign capital was inhibited by laws that excluded foreigners from participation.<sup>9</sup> The restoration of the mining industry was important to Mexico for it considerably affected its imports. The property and progress of the country also bore a direct ratio to the activity with which the mines were worked.<sup>10</sup> The mines had therefore to be restored, but Mexico lacked the capital with which to revive mining activities.<sup>11</sup> The country therefore looked to Europe for financial aid.

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8. F.O. 50/7 No.14, Charles MacKenzie to George Canning, Jalapa, 24 July 1824. John Hall a British merchant at Vera Cruz estimated the amount to be at least \$40 million. See F.O. 50/2 John Hall to Captain Andrew King, Vera Cruz, 10 January, 1823.

9. Marvin D. Bernstein, The Mexican Mining Industry, 1890-1950, p.12.

10. F.O. 50/7 No. 14, Charles MacKenzie to George Canning, Jalapa, 24 July 1824.

11. After the declaration of Mexico's independence in 1821, the country's administration fell into disorder, revenues were misused and exhausted. Credit was destroyed by the fatal seizure of Conductas by the Iturbide's government, and by the issue of paper money which only obtain a partial currency at a loss of  $\frac{2}{3}$  of its nominal value. This poor stage of finance which followed the flight of capital to Spain, forced Mexico to look for financial assistance abroad, and in turn to rely on foreign capital for development. See F.O.50/31A Report by Jose Ygnacia Esteva on "the precis of the actual state of the Revenue of the Mexican Republic, and the progress from 1824-1826" dated, Mexico 10th February 1827.

On October 7, 1823 the government repeated those parts of the mining ordinances which had excluded foreigners from participation in the workings of the mines.<sup>12</sup> This more threw open the door to foreigners who were allowed to become joint proprietors with Mexicans on highly favourable terms. Foreigners were however, refused the right to register new mines.

Lucas Alamán, Secretary for Foreign Affairs, sent Vicente González Arnao to London to organize a mining company. In London, the Mexican agent was backed by Hallett Brothers and Co. in an attempt to attract British capital towards the silver mines of Mexico. This more thus opened up "that torrent of pesos which brought new life to the Mexican mines."<sup>13</sup>

This move to attract British capital came at a time when Britain was on the threshold of a new economic era, in which free trade doctrine and overseas investment exerted a strong appeal.<sup>14</sup> After 1820 the

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12. Robert W. Randall, Real del Monte, A British Mining Venture in Mexico, University of Texas, Austin, 1972, p.29; Marvin Bernstein, The Mexican Mining Industry, 1890-1950, State University of New York, 1964, p.13; John Lynch, The Spanish American Revolutions, 1808-1826, Weidenfeld and Nicolson, London, 1973, p.329, & F.O. 50/32 H.G. Ward to George Canning, London 30 December 1827.

13. W.F. Cody, British Interests in the Independence in Mexico, Ph.D. Thesis, University of London, 1954, p.288-289. The Mexican government attempted to reduce the cost of the mining industry by abolishing the mercury and mint monopoly of Mexico city. Mercury was imported from Spain, where it was produced at the royal mine of Almadén. This was followed by the reduction in taxes on production and export duty on gold and silver to a single 3% on 20 February 1822. The expense of coinage was also reduced in two reals per marc, and the charge of the Apartado, for the separation of the silver from the gold in ores containing both to two reals, in lieu of five and a half. The monopoly formally enjoyed by the Casa del Apartado was abolished, and permission was granted to miners to perform the process of separating the gold from the silver, where and as they pleased. The importation of Quicksilver was declared duty free, and Gunpowder was delivered to the mines at prime cost.

14. John Lynch, The Spanish American Revolutions 1808-1826, p.329; W.F. Cody, British Interests in the Independence of Mexico, Ph.D. University of London 1954, p.289, and Robert W. Randall, Real del Monte. A British Mining Venture in Mexico, University of Texas, Austin, 1972, p.32.



migration of British capital to all comers of the globe reached a peak, with a wave of speculative interest sweeping the country in 1823 and 1824. The enthusiasm, was based on the belief, fastened by the promoters of insurance and mining forms that much money could be made in a short time by the formation of joint stock companies.<sup>15</sup>

The illusions over the prospects of Mexican mining enterprise in the early 1820s reached such a point that it was seriously feared, and was the subject of hot debate, that the price of wheat and other articles of popular consumption would triple, as had happened in the sixteenth century as a result of new silver discoveries.<sup>16</sup>

However California and Australian gold rush increased the supply of silver

15. J.Fred Rippy, British Investments in Latin America, 1822-1949, University of Minnesota Press, Minneapolis, 1959, p.17. In 1825 and 1826 a nominal sum of £25,308,486 was invested in the bonds of foreign governments and in the securities of hundred of joint stock companies organised for operation at home and abroad. About 624 joint stock companies were founded between these two years with an authorised capital of £102,781,000. The new Latin American nations were important centres of attraction. The face value of Latin American bonds on the two years was over £17 million. The authorised capital of the 46, or more stock companies organised between 1824 and 1825 for the purpose of operating mainly or entirely in Latin America was probably not less than £35 million, although only a fraction of this sum was paid before the crash that followed in 1826. See. J.Fred Rippy, "Latin America and the British Investment 'Boom' of the 1820's", Journal of Modern History, Vol.XIX, 1947, p.122-129.

16. Charles C.Cumberland, Mexico: The Struggle for Modernity, Oxford University Press, London., 1968, p.152.

The seven companies formed acquired a score of mines, and invested large amounts of capital in an effort to restore the mines to their former importance. By 1827 nearly 3 million pounds had been invested in the Mexican mines, "or was at least, .... expended in enterprises immediately connected with them, as machinery, mining implements, stores, quicksilver and the salaries of officers employed in the different companies."<sup>17</sup>

British investors were inspired by the writings of Alexander von Humboldt, especially Essai Politique which extolled Mexico's mines.<sup>18</sup> His works were translated into English, and this was followed by a flow of pamphlets by British writers, who consisted of people like young Benjamin Disraeli, which whetted the appetite of the British public.<sup>19</sup>

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17. F.O. 50/32 H.G.Ward to George Canning, London, 30 December 1827, J.R. Poinsett, the American Minister in Mexico, in a letter to Cambreleng, dated Mexico, 4 June 1825, remarked "The English are employing an immense capital here, Fortunes will be made and lost in mining - it is gambling. There are still open some of the most profitable speculations, more of that anon - Could a company with a capital of (£) 100,000 be formed with a certain prospect of a profitable investment". This letter is printed in Wilfrid Hardy Callcott, Church and State in Mexico, 1822-1857, Octagon Books, New York, 1971, p.148.
  18. John Lynch, The Spanish American Revolutions, 1808-1826, p.329; Marvin D. Bernstein, The Mexican Mining Industry, 1890-1950, p.13, W.F. Cody, British Interests in the Independence of Mexico, Ph.D. University of London, 1954, p.284; H.G.Ward, Mexico, Vol.1, p.415; and Tom J. Cassidy, "British Capital and the Silver Mining Industry 1820-1850," Centre of Latin American Studies, University of Cambridge, Working Papers, No.21, p.2.
  19. Martin D. Bernstein, The Mexican Mining Industry, 1890-1950, State University of New York, New York, 1964, p.13.



The tremendous speculative boom in the mining companies started an inflationary spiral that ended in a serious panic in 1826 which for a time resulted in the reduction of enthusiasm in investing in the Mexican mining venture.<sup>20</sup>

### THE MINING COMPANIES

#### The United Mexican Mining Association

The United Mexican was formed in 1824 "for the object of supplying capital and general to raise or purchase gold and silver ores or metals, and to smelt, reduce, refine and separate the same by the combination of European skill and capital, with Mexican interests, through the medium of Lucas Alamán."<sup>21</sup> The object of this Association

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20. N. Ray Gilmore, "Henry George Ward, the British Publicist for Mexican Mines," Pacific Historical Review, Vol. 32, 1963, p. 37. Also see J. F. Rippey, British Investments in Latin America, 1822-1949, University of Minnesota Press, Minneapolis, 1959, p. 17-18, and "Latin America and the British Investment 'boom' of the 1820's" Journal of Modern History, Vol. XIX, 1947, p. 122-129; W. F. Cody, British Interests in the Independence of Mexico, PH.D. thesis University of London, 1954, p. 298 and 301, and M. J. Fenn, British Investment in South America and the Financial crisis of 1825-1826, M.A. Thesis, 1969, Durham University; p. 79-112. What angered the share holders was that the quick profits they expected were not forthcoming, and instead the companies were calling for more money.
21. Benjamin Disraeli, An Inquiry into the plans, progress and policy of the American Mining companies, Third Edition, John Murray, London, 1825, p. 38. This Association was headed by Sir John Easthope, M.P. and it was organized under the guidance of Hullett Brothers. Its directors in London consisted of John Biddulph, Samuel Bosanquet, John Easthope, Charles David Gordon, James Heygate Jr., John Hullett, Thomas Masterman, Frederick J. Pigou, Jacob Ricardo, Richard Sanderson, Rowland Stephenson and Charles Widder. Its auditors were Thomas Burradaile and Joseph Harris. Its directors in Mexico were Lucas Alaman, Glennie and Agassis.

was to be achieved by a combination of British capital and skill with Mexican interests. It therefore appointed the Mexican Secretary of Foreign Affairs, Lucas Alamán, as the president of its Board of Management in Mexico.<sup>22</sup>

It acquired the mines of Rayas, Cata, La Bomba de Capula, Santa Ana, San Juan, and San Miguel, situated in Guanajuato and Catorce districts. By 1827 it had acquired more mines in Guanajuato which included La Calera, San Roquito, San Rafael, La America, and Guadalupe; mines at Diamantillo, and Guardaraya at Comanja in Guadalajara; Quebradilla, Malanoche, San Bernabé, San Acasio, El Desierto at Veta Grande in the State of Zacatecas; mines on the veins of El Pavellón, and Vetanegra, at Sombrerete; La Divina-Providencia, Animas and Belén at Jesús María in the State of Chihuahua; La Natividad, Dolores, and a mine of Negistral, at Capulpan<sup>al</sup> in the State of Oaxaca; mines on the vein of San Pablo, at Teojomulco; and a variety of mines in the State of Mexico which includes mines of San Antonio and Santa Rita at El Chico, all the mines on La Veta Descubridora of El Oro, with those of San Acasio, and San Rafael; La Magdalena, los Reyes, and La Guitarra, at Temascaltepec; San Antonio, and San Diego, at El Cristo; and San Mateo, at Zacualpan; and Coronilla, at Tetela del Río.<sup>23</sup>

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22. Benjamin Disraeli, An Inquiry into the Plans, Progress and Policy of the American Mining Companies, Third Edition, John Murray, London, 1825, p.38; and Henry English, A general guide to the companies formed for working foreign mines, Boosey and Sons, London, 1825, p.67.
23. H.G. Ward, Mexico, Vol.I. Henry Colburn, London, 1829, p.407, and Benjamin Disraeli, An Inquiry into the Plans, Progress and Policy of the American Mining Companies, John Murray, London, 1825, p.39. The mines of the Rayas, Cata, La Bomba da capula, Santa Ana, San Juan, and San Miguel, situated in the Guanajuato and Catorce districts were acquired in 1825, while the rest in 1827. The Company started with an initial capital of £240,000 which was increased by the Sale of 18,000 of £40 each.



The Company operations expended within the first four years well over a million pounds, of which about one-fifth was spent on mines which had to be abandoned as unproductive or unpromising.<sup>24</sup> It relied strongly on Mexican engineers and miners, and although a number of British mining commissioners were sent out to work for the company, its affairs in Mexico were under the direction of Lucas Alaman.<sup>25</sup>

The Association abandoned many of the mines, as a result of being unproductive, within 2 or 3 years, and by December 31, 1829, 41 mines in 9 mining districts, as well as 4 haciendas had been given up to the owners, at a cost of over 1,238,000 pesos.<sup>26</sup> "The multiplicity of the engagements entered into by the company during the mining mania of 1825, rendered it extremely difficult for its agents in Mexico to provide against the inconvenience, under which they were labouring in this respect; because many of the mines taken up in the smaller mining districts were regarded as experiments, which might turn out well, or ill, and, therefore, did not possess sufficient importance to warrant the erection of Haciendas (for Amalgamation works) before there was some security as to the result."<sup>27</sup> Surface works were therefore deferred

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24. Quarterly Mining Review, London, 1830, Vol.I, p.386-387. This Company became the largest British mining company in extent of operations and in the amount expended.

25. W.F. Cody, British interests in the independence of Mexico, Ph.D. Thesis, University of London, 1954, p.306.

26. Tom J. Cassidy, "British Capital and the Mexican Silver Mining Industry, 1820-50" Centre for Latin American Studies, University of Cambridge, Working Papers No.21, p.12. Work was thus confined to four districts of Zacatecas, Sombrerete, Guanajuato, and El Oro, with the iron work at Durango, a new denunciations at Teojomulco in Oaxaca, and the Apartado or establishment for separating gold from silver in Mexico City.

27. Henry G. Ward, Mexico, Vol.II, Henry Colburn, London, 1829, p.517.

until time should demonstrate their necessity. Unfortunately the mines which the company decided to work did not produce enough revenues to retrieve the Association from the pressure of others.

The mines of Guanajuato attracted most of the Association's capital.<sup>28</sup> When the mines made a profit in 1832, the owner the Marquis of Rayas decided to get rid of his partners, the Association.<sup>29</sup> The Association recovered the mines after court cases, but after the death of the Marquis in January 1835, the Governor of the State intervened on the pretext that disturbances threatened them. He put a new restraining order on the Association, and ordered that all the produce of the mine be placed in the State treasury.<sup>30</sup>

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28. Tom J. Cassidy, "British Capital and the Mexican Silver Mining Industry, 1820-50", Centre of Latin American Studies, University of Cambridge, Working Papers No.21, p.12.
29. Tom J. Cassidy, "British Capital and the Mexican Silver Mining Industry, 1820-1850," Centre of Latin American Studies, University of Cambridge, Working Papers No.21, p.13. On 11 April 1833 he persuaded the governor of the State to attack the property of the Association and the produce of the mine, claiming infringement of the contract.
30. Tom J. Cassidy, "British Capital and the Mexican Silver Mining Industry, 1820-1850," Centre of Latin American Studies, University of Cambridge, Working Papers No.21, p.13. The Company handed to the Governor property worth £7,333. See F.O. 50/100 No.89 Pakenham to Palmerston, Mexico, 28 November 1836. The Association Commissioner appealed to Pakenham for intervention who in turn requested the Mexican government to intervene. The Mexican Government was<sup>30</sup> embarrassed by this incident that President Santa Anna and Gutiérrez de Estrada wrote some strongly worded letters to the Governor. These letters were however ignored, and unfortunately the outbreak of the Civil War between Santa Anna and Juan Alvarez distracted the attention of the Federal Government. See Report to the General Meeting of the United Mexican Mining Association (U.M.M.A.), 28 January, 1835 and comments to the editor. The Mining Review July 1835, Vol.III, p.135-142; and Mr. O'Gorman to the Directors. April 27, 1835, The Mining Review, July 1835, Vol.III, p.195.



The company managed to recover a partial share in Rayas, but by then the mine had ceased to be profitable, and still owed the Association 220,000 pesos when the lease expired in 1841. The Company's other mines made greater losses, but the Association lingered with after the 1870's with minimal operations.<sup>31</sup>

#### The Anglo-Mexican Mining Association

This company was formed in January 1824, "for the purpose of supplying capital for putting in activity some of the principal mines of Mexico."<sup>32</sup> Its prospectus claimed that the mines it acquired were among the most productive in Mexico. It believed that "by the introduction of English capital, skill, experience, and machinery, the expenses of working (its) mines may be greatly reduced, and their produce much augmented."<sup>33</sup>

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31. Tom J. Cassidy, "British Capital and the Mexican Silver Mining Industry, 1820-1850," Centre for Latin American Studies, University of Cambridge, Working Papers, No. 21, p. 13.
  32. Henry English, A general guide to the Companies formed for working foreign mines, Boosey and Sons, London, 1825, p. 15; and Benjamin Disraeli, An Inquiry into the plans, progress and Policy of the American Mining Companies, Third Edition, John Murray, 1825, p. 24. Its directorship consisted of Mathias Atwood, M.P., J.H. Anderson, David Bevan, David Barclay, Charles Herring, George Lyall, Steward Marjoribanks, M.P. J.D. Powles, R.M. Raikes, Benjamin Shaw, W. Thompson, M.P. and Elderman, and William Ward. Its Auditors were William Fry and Thomas Richardson. Its Director in Mexico was Williamson. The Company directors in London were all associated with Banking and Merchant houses.
  33. Henry English, A general guide to the Companies formed for working foreign mines, p. 5; and Benjamin Disraeli, An Inquiry into the plans, progress and policy of the American Mining Companies, p. 26. It calculated that it could be able to provide for repayment of the advances to be made for working the mine of Valentiana, and also to make a profit. Experience however was to prove them wrong for a lot of money was spent to bring it into function.

The principal interests of the Company were located at Guanajuato, the most productive mining district in Mexico during the colonial days, and where the Wars of Independence had taken a serious toll. Here the mines included Valenciana, Mellado, Tepeyac, Sirena, Villalpando, and several small mines on Veta Madre, and other veins at Guanajuato. Here the mines were in a poor state especially the Valenciana, which was the deepest and most extensive mine in the world. It was filled with water which occupied 550 varas of the central shaft.<sup>34</sup> Despite the mine being in ruins, the Company believed that it would be able to make a profit within 2 years. It seriously underestimated the work involved in reviving the whole infrastructure of the mines.

The Company's other mines included La Cruz, San Fernando, Guadalupe and three other small mines at Zimapan in the State of Mexico. It also acquired La Reunión, Soledad Guadalupe, Santa Brigida, and El Rosario, at Real del Monte in the State of Mexico,<sup>35</sup> It also acquired four small mines at San Cristobal and Maconi in the State of Querétaro; and mines of Concepcion (a share), Guadalupe de Veta Grande, and Milágras at Catorce in San Luis Potosí.<sup>36</sup>

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34. Tom J. Cassidy, "British Capital and the Mexican Silver Mining Industry 1820-1850," Centre for Latin American Studies, University of Cambridge, Working Papers no.21, p.5.1 Vara equals 33 inches.

35. Benhamin Disraeli, Op.Cit., p.26-27.

36. Henry George Ward, Mexico, Vol.1, Henry Colburn, 1829, p.406. This company claimed that it confined itself only to those mines whose value was ascertained by authentic documents. It proposed to raise £1 million by selling 10,000 shares of £11 each. It however invested about £800,000. See H.G. Ward, Mexico, Vol.1, p.406. Contracts were entered with the proprietors of those mines on terms which the Association regarded as of mutual advantage to both sides. Those undivided, in some cases, a right to a share of the produce of the mines for terms of years, and in other instances, of the cession of part of the proprietorship.



The Association sent 5 ships to Mexico with equipment and more than 100 Cornish miners.<sup>37</sup> It embarked on its operation in Mexico convinced that British mining experts and the importation of large quantities of machinery would enable it to reconquer all difficulties caused by the wars of independence to the industry.<sup>38</sup>

It expanded in four years nearly £400,000 trying to drain and restore the Valenciana mine production, and about half a million pounds on its other mines.<sup>39</sup> The progress of the works in the interior of the mines was retarded by the usual impediment of foul air, and masses of ruins. Its production of silver did however increase gradually from \$116,329 in 1825 to \$572,971 in 1828.<sup>40</sup> Considerable alarm was however excited with regard to the prospects of the Company, in consequence of the demand for additional capital made by its directors in November 1828, when £100,000 was added by the proprietors to their original investment of £1 million, in order to allow time for the completion of their works.<sup>41</sup>

37. W.F. Cody, British Interests in the Independence of Mexico, Ph.D. Thesis, University of London, 1954, p.314.

38. W.F. Cody, Op.Cit. p.309

39. Quarterly Mining Review, 1830, Vol.1, p.370.

40. H.G. Ward, Mexico, Vol.II, Henry Colburn, London p.526, \$1 was equivalent to shs.5/-

41. H.G. Ward, Mexico, Vol.II, Henry Colburn, London, p.525.

At Guanajuato the Company was defeated by the size of the task which it had set itself to accomplish. The mine of Valenciana was leased on very disadvantageous terms to the Company. It agreed to provide its owner, Count Pérez Gálvez, with an alimento (income) of 24,000 pesos annually, and two-thirds of future mining profits, whereas he incurred no obligation to contribute to the cost of operation until receipts exceeded expenses.<sup>42</sup>

#### The Mexican Company

Technically speaking this Company was as large as any other, but despite the insistent appeal by its directors, only a small part of the authorized capital of £1 million was ever paid. It conducted no negotiations with Mexican agents in London, but instead sent commissioners to Mexico to receive proposals from interested parties, confident that there would be ample opportunity to put their capital to work.<sup>43</sup>

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42. Report of the General Meeting of the Anglo-Mexican Mining Association, Jul 1, 1829 in Quarterly Mining Review, March 1830, Vol 1, p.24.

43. Henry English, A general guide to the Companies formed for foreign mines, Boosey and Sons, London, 1825, p.45. John William Buckle, a partner in a shipbuilding firm with his brother Thomas Henry Buckle were among its directors, and its chairman was David Barclay. It was represented in Mexico by Daniel Robinson and J. Williamson.



It acquired mines in the State of Vera Cruz which included those of Simolaacan; some mines at Fresnillo in Zacatecas; and mines of Dolores, Santa Ana, San Felipe Neri, Jesús, San José, and La Soledad in Oaxaca.<sup>44</sup>

Most the the Company's mines were free from water, and were producing a copious supply of ore, and by 1830 the Company began to produce silver.<sup>45</sup> However, the wide separation of its concerns in the several states, made it difficult to economise on costs, and created a lot of administrative inconveniences and inefficiencies. As a result returns proved elusive and calls upon the capital of the Company became pressing. This resulted in the Company giving up all the mines except those in Oaxaca.<sup>46</sup>

#### The Tlalpuexahua Company

This Company was formed in London in November 1824 to work

44. Henry George Ward, Mexico, Vol.1, Henry Colburn, London 1829, p.408. Unlike the other companies it did not select its mines on account of those celebrated for their former riches, but chose districts sufficiently abundant in mineral veins to ensure a constant supply of ores, and endowed at the same time with such local advantages as might facilitate the introduction of a change in the mode of reducing these ores. See H.G. Ward, Mexico, Vol.II, p.530. The principal mines of the company were La Purísima Concepción, San Antonio, Santísima Trinidad, and Corazón de Jesús.

45. Henry George Ward, Mexico, Vol.II, Henry Colburn, London 1829, p.534-5.

46. Report to the General Meeting of the Mexican Company, May 3, 1827, Quarterly Mining Review, June 1830, Vol.1, p.161. It collapsed in 1826.

the mines of Tlalpujahua on a thirty years lease.<sup>47</sup> These mines included Real del Monte, San Jose, San Antonio, San Estevan, Isletas, San Sebastian, Coloradilla, Trinidad, Los Remedios, La Pompa, San Diego, Velasco, La Sierpe, La Colo, Santa Rita, Santa Rosalia, El Chino, Campana, and El Gujuelo all on the veta de Coronas. It also acquired additional mines in Santa Cruz and Valenciana, and Socabon situated on the Veta de la Borda.<sup>48</sup>

At Tlalpujahua the Company alone possessed 86 small mines, and by 1826 39 of these mines were in operation. Three haciendas were built, a large stock of mules and horses were purchased for the drainage of the mines, and employed over 23,000 labourers daily by January 1827.<sup>49</sup>

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47. John Murray, American Mining Companies, 3rd Edition, London, 1825, p.47-48. Its London directors consisted of John Smith, M.P. and chairman of this Company, William Sampson, his deputy, Col. Henry Cooke, John W. Cowell, George Green, William Hartley, George W. Norman and George R. Smith. Its Auditors were Nicolas Garry and Charles P. Thompson. Its director in Mexico was Chevalier de Rivafinoli and Mr. Beaufoy. It proposed to raise a capital of £409,000 by selling 100 shares of £400 each, but it was only able to invest about £180,000. However, only £320,000 was invested.

48. Henry English, A general guide to the Companies formed for working foreign mines, London, 1825, p.100-101. According to the Contract signed with the proprietors, the Company had the power to abandon any or all of the above mines without any fine, but none of the proprietors had the power to put an end to the Contracts.

49. H.G. Ward, Mexico, Vol.1, Henry Colburn, London p.427.



The Company's director in Mexico Chevalier de Rivafinoli built impressive stables, foundaries, haciendas and stamping mills, but failed to produce silver. Panic in London caused the Company to send one of its directors Mr. Cameron to Mexico in 1827 to investigate why it was not producing silver.<sup>50</sup> In his report he criticized the lavish and costly projects which had contributed nothing to the prospects of the Company's success, and warned that it could not yield a profit without a further, heavy outlay of capital.

The sudden change of feeling, which took place in Britain with regard to overseas mining adventures compelled the directors of the Company to suspend the execution of one of the most magnificent mining works that had yet been planned in Mexico, due to lack of capital.<sup>51</sup> Had the provision been made for the completion of the venture, it would have proved highly advantageous to the interests of the shareholders.<sup>52</sup> The panic that took place in Britain meant that there was no further advancement of capital as shareholders were not prepared to take further risks. They therefore decided in August 1828 to cut their losses and wind up the company.<sup>53</sup>

50. H.G. Ward, *Mexico*, Vol II, Henry Colburn, London, p.495. When Cameron arrived in Tlalpulahua in December 1827 Chevalier de Rivafinoli resigned in protest and was replaced by George O'Gorman.

51. H.G. Ward, *Mexico*, Vol.1, Henry Colburn, London, p.428.

52. H.G. Ward, *Mexico*, Vol,1, Henry Colburn, London, p.428.

53. Tom J. Cassidy, "British Capital and the Mexican Silver Mining Industry, 1820-1850," *Centre of Latin-American Studies, University of Cambridge, Working Papers, No.21* Though the Company spent £320,000 it was only able to raise silver worth 33,000 pesos. One dollar (Mexican) or peso was equivalent to 5 shillings.

### The Catorce Company

This was the first British mining company to establish itself in Mexico, and the first to go into liquidation.<sup>54</sup> It was a private company supported by the House of Goldschmidt, both of which were the victim of the financial panic which beset England in 1826. The permanance of this company was always questionable, and " the money at first expended there may be said to have been thrown away."<sup>55</sup>

It acquired mines in the State of San Luis Potosí which included Dolores Medollini, Guadalupe, Dolores Trompeta, Sereno, and Great Adit of La Purísima, at Catorce; mines of El Doctor in the State of Querita; and the mines of Santa Ana, Guadalupe, Todos Santos, Santa Clara and Cinco Senores, at Tepantitlan in the State of Mexico.<sup>56</sup>

Despote the many advantages possessed by the Company such as the richness of its mines, the excellence of the principal contracts it held,

54. Tom J. Cassidy, Op.Cit, p.6. The mines of Catorce in San Luis Polosi was isolated and almost devoid of material resources The forests which once covered Catorce were destroyed by the first generation of miners. Whole woods were burnt in order to clear ground. H.G. Ward observed "not a treet, not a blade of grass is to be seen in its vicinity; yet fifty years ago the district was covered with forests, which might have lasted for centuries had not the improvident and wasteful spirit of the first adventurers wantomly destroyed these treasures, which to their descendants would have proved invaluable." See H.G. Ward, Mexico, Vol.II,p.233.

55. Henry G.Ward, Mexico, Vol.II, Henry Colburn,London, 1829, p.493

56. Henry G. Ward, Mexico, Vol.1, Henry Colburn, London,1829, p.408.



and the smallness of the capital required to fulfil them, the British public was not willing to risk its capital, as a result of the lessons of the 1826 financial crisis.<sup>57</sup> The Company therefore folded up with a loss of around £69,000.

#### The Real de Monte Company

This Company was formed in 1825 by men "convinced that the application of English capital and technology to the ancient, famous, and largely ruined silver mines of Mexico would not only reap them a handsome profit but would have a solitary effect on the new nation's mining industry."<sup>58</sup>

It was interested in the mines of Guadalupe, Santa 'Teresa, San Cayetano, Dolores, and Santa Brigida, and all of the mines of the third Count Regla, Pedro Romero de Torreros, situated in the Real del Monte, and in the mine of Moran belonging to Colonel Tomás Murphy. The Company was given the control of the mines for a period of 20 years, and those of Murphy for 21 years in return for an annual payment of £2,000.<sup>59</sup>

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57. H.G. Ward, Mexico, Vol.II, Henry Colburn, London 1829,p.493.

58. Robert W.Randall, Real del Monte. A British Mining Venture in Mexico, University of Texas, Austin, 1972,p.xi. Its Board of Directors consisted of Thomas F. Buxton,M.P. a distinguished businessman and humanitarian, W.M. Ellwand,Michael Bland, Francis Baily, Thomas Colby, Thomas Brown, William Fry, S.F.T. Wilde, J.H. Shears, John Jones, Joseph Martineau and Henry Cooke. Its Auditors were G.H. Hooper, Thomas Hudson and Peter Martineau. The Company proposed to raise a capital of £200,000 divided into 500 shares of £400 each.

59. Robert W.Randall, Real del Monte. A British mining venture in Mexico, University of Texas, Austin,1972,p.37-38. The Company also agreed to pay the Count an alimento(salary) of \$12,000 annually, to be deducted from his shares of the profits. \$1 = 5 shillings.

The Company further leased Santa Inves and Carretera Mines in Real del Monte owned by Cortezar Brothers. A year later the Company further leased a dozen additional mines.

It appointed Captain Vetch as its first and Chevalier Vincent as its Second Commissioners in Mexico. By the end of 1825, four ships had been sent out with 120 Cornish miners with machinery and supplies weighing 1,600 tons, These included nine steam engines, pumps, totals, iron works, 150 waggons and carriages, guns, capstans and other mechanical apparatus.<sup>60</sup>

The mines and its infrastructure were in a state of absolute ruin and everything had to be built from the scratch. Water had to be obtained, timber to be replaced, roads built, mules to be brought in hundreds, shafts erected and workshops built, and labour recruited.<sup>61</sup> The task of restoring the mines to their former importance was enormous, and needed more capital than the company could afford.

The engines erected by the Company had not, by 1827, produced positive results, and this was considered by its shareholders as a

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60. Henry English, A general Guide to the Companies formed for working foreign mines, Boosey and Sons, London 1825, p.95-97.

61. F.O. 50/22 No.84, H.G. Ward to George Canning, Mexico, 30 July 1826.



failure.<sup>62</sup> As a result the shares of the Company began to fall in price. When the company finally did manage to extract ores, it was found to be of poor quality and unprofitable.<sup>63</sup> By 1846 10 million pesos in silver had been coined at a net loss of 5 million pesos. Two years later it winded up its business and disposed of its assets at a nominal sum. The magnitude of its financial catastrophe was nearly \$ 7.2 million which included \$5,079,283 from its mining operations.<sup>64</sup> Every penny spent on a share in the firm's ownership was lost; no part of a loan it received in 1828 was repaid; and even the partial repayment of the preferential 1827 loan was but a small percentage of the amount paid in and the interest and bonus promised.<sup>65</sup>

62. H.G. Ward, Mexico, Vol.II, p.499-500. The Company faced many problems such as the obstruction of rock and rubbish in the pits, which delayed the progress of the miners of every step. The decomposition of the woodwork which had been for many years immersed in water, generated foul air once exposed to the atmosphere. This could not be removed without the establishment of a system of ventilation, which alone required considerable time and expense. These obstacles thus delayed the extraction of silver. Mexican workers also refused to work until a partido (or share of the proceeds) of one eighth was agreed in September 1827. It also took three years to install the machinery brought from England which took two years to transport them from Vera Cruz to Pachuca, a distance of 250 miles. See H.G. Ward, Mexico, Vol.II, p.501, and Charles C. Cumberland, Mexico: The struggle for Modernity, O.U.P., London, 1968, p.154.

63. Charles C. Cumberland, Mexico: The struggle for Modernity, O.U.P., London, 1968, p.154.

64. Robert W. Randall, Real del Monte. A British mining venture in Mexico, University of Texas, Austin, 1972, p.71 and 74.

65. Robert W. Randall, Real del Monte. A British mining venture in Mexico, University of Texas, Austin, 1972, p.74.

### The Bolaños Company

This company was closely associated with the Real del Monte Company, and both had similar problems and failed almost at the same time.<sup>66</sup> Its object was the working of the mines of Bolaños in the State of Jalisco which consisted of mines at Tepic, Intermedio, Concepcion, El Camichin, Lavreles and Barranco, on the Veta Madre of Bolaños, and in the State of Zacatecas mines belonging to the Fagoaga family, at Veta Grande.<sup>67</sup>

The company had temporary successes between 1826 and 1834 when it made a profit of \$ 4.5 million from its work at Veta Grande, at Zacatecas. By the middle of 1837, it had paid seven dividends to its stockholders, and it remained reasonably solvent until 1839, at which time it reluctantly returned the Veta Grande mines to its owners after the expiry of the lease. The other mines were not profitable enough to sustain the company, and it was dissolved in November 1849.<sup>68</sup>

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66. Robert W. Randall, op.cit. p.47, separate management evolved after 1828. Its directors were captains Vetch and Lyon, R.N.

67. Tom J. Cassidy, "British Capital and the Mexican Silver Mining 1820-50", Centre of Latin American Studies, University of Cambridge, Working Papers No.21, p.5-6. The Company leased from Don José María Fagoaga, a prominent Mexican mine owner, thirteen contiguous mines on the Veta Grande at Zacatecas. It invested about £150,000 in its mining operation. See H.G. Ward, Mexico, Vol.1, p.320.

68. Tom J. Cassidy, "British capital and the Mexican silver mining industry 1820-1850" Centre of Latin American Studies, University of Cambridge, Working Papers No.21, p.8 and Robert W. Randall, Real del Monte. A British mining venture in Mexico, p.44.



### Problems incurred by the Companies

The seven British companies faced enormous tasks: water had to be pumped before any ore could be extracted; the tunnels had to be cleared of great quantities of debris which had accumulated with the passing of time; the whole infrastructure had almost to be built from the scratch; and a labour force had to be assembled in mining districts which had been depopulated by the wars of independence," What had been the world's most prosperous mining districts were after the destruction and neglect of fifteen years, pitiful shadows of what they had been."<sup>69</sup>

The main physical problem was the sheer distance which separated the mines from the supplies of men, materials and provisions, and the consequent difficulty of transporting heavy machinery into the interior.<sup>70</sup> It took six months and two years to transport machinery to the various mines from the coast.

The want of fuel prevented the adoption of steam engine in many parts of Mexico.<sup>71</sup> The scarcity of fuel at Guanajuato prevented the application of steam power to any great extent. The woods and forests which once clothed the sides of the cordilleras immediately in the vicinity of the principal mines, had by now diminished as a result of the failure on the part of the Mexican proprietors to plant

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69. W.F. Cody, British interests in the independence of Mexico, Ph.D. Thesis, University of London, 1954, p.304.

70. M.J. Fenn, British investment in South America and the financial crisis of 1825-1826, M.A. Thesis, Durham University 1969, p.111.

71. Benjamin Disraeli, An Inquiry into the Plans, Progress and Policy of the American Mining Companies, John Murray, 1825, p.41.

new trees.<sup>72</sup> The Real del Monte Company was also faced with a serious shortage of wood for fuel just before its collapse.<sup>73</sup> The Catorce Company had to carry from far fuel for the pumping engines which the company installed to drain the mine at Concepcion. Wood was fetched at great expense from La Huasteca.<sup>74</sup>

The Government monopoly on gunpowder caused the shortage. Financial stringencies of the government often slowed down production or brought it to a complete standstill, and it was therefore never possible to procure enough gunpowder.<sup>75</sup> This monopoly was abolished in September 1846, but by then it was too late to be of any advantage to the majority of the British companies which had either folded up or were in heavy financial crisis. The Real del Monte did however establish its own manufactures at half the cost.<sup>76</sup>

Iron had to be imported from abroad at a considerable expense.

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72. Ibid. The district was also devoid of any material which could be used as fuel. There was no river close enough at hand to supply hydrolic power, and therefore the steam engines brought to drain the mines were quite useless, except for the small ones. The Company had to recourse to the traditional horse whims. (malacates).
73. Robert W. Randall, Real del Monte. A British mining venture in Mexico, University of Texas, Austin, 1972, p.162.
74. Tom J. Cassidy, "British Capital and the Mexican Silver Mining Industry, 1820-50," Centre of Latin American Studies, University of Cambridge, Working Papers No.21, p.6-7.
75. D.A. Brading, Miners and Merchants in Bourbon Mexico, 1763-1810, Cambridge, 1971, p.144.
76. Tom J. Cassidy, "British Capital and the Mexican Silver Mining Industry, 1820-50," Centre of Latin American Studies, University of Cambridge, Working Papers No.21, P.17.



Its cost in the interior of Mexico was £80 (380 pesos) per ton.<sup>77</sup>

The price was inflated by duty of 40 pesos, the cost of carriage which amounted to 166 pesos to Mexico City or 120 pesos to Guanajuato.

The price of mercury imported from Britain by the banking house of Rothschild was also high. It rose from 60 pesos per quintal in 1822 to 150 pesos in the 1840s.<sup>78</sup>

As a result of high costs of mining supplies, a lot of mines were given up because of the silver content of the ore being insufficient to cover the rising cost of production.

"The high price of imports and especially of mercury, best explained the failure of the companies and the prostration of the industry at large."<sup>79</sup>

Civil wars caused a lot of destruction, and the drafting of the labour force to join the different factions. The 1829 civil war between Manuel Gomez Petraza and Vicente Guerrero caused by the elections of the previous year led to the value of the shares of the mining companies, falling in Britain.<sup>80</sup> This led to a shortage of capital, and a shortage of labour. The outbreak of smallpox in 1830 which at its height carried 45 people per day, further caused a shortage of labour.<sup>81</sup>

77. Quarterly Mining Review, April 1831, Vol. II, p. 26. Several of the companies tried to save money by producing their own iron. The Real del Monte acquired its own mines at La Encarnación, but it proved unproductive and was soon abandoned. The United Mexican built a large iron works at Durango but they were abandoned in 1833.

78. Robert W. Randall, Real del Monte, A British mining venture in Mexico, p. 167 and 168. After 1831 the House of Rothschild established a world monopoly by controlling the supply of mercury from Spain and Austria. The British companies, especially the Real del Monte, which acquired the mine at El Doctor in Querétaro, tried unsuccessfully to produce their own mercury. The price of mercury began to fall in 1846 with the discovery of fresh deposits in California, but by then many of the British companies had folded up.

79. Robert W. Randall, Real del Monte. A British mining venture, p. 166-167.

80. Robert W. Randall, Real del Monte. A British mining venture, p. 67.

81. Quarterly Mining Review, December 1830, Vol. I, p. 488-489.

The Anglo-Mexican Company was faced with the problem of harvest failure in 1828 which increased its burden. The price of maize, the staple diet of its Mexican workforce, rose from 12 to 30 reales for a fanega. Straw was also expensive due to drought. The Company was therefore forced to reduce its operation, and the drainage of its mines had to come to a virtual standstill.<sup>82</sup>

The French blockade of Mexican ports in 1838-1839 caused a serious shortage of supplies such as mercury, spare parts and machinery. As a result of this blockade the Real del Monte and the United Mexican companies had to abandon their iron work.<sup>83</sup>

The decentralization of political power in Mexico worked to the disadvantage of the mining companies, for they were made targets of all sorts of extraordinary levies by the various state governments which were always short of revenue.<sup>84</sup> Heavy losses were also incurred by the British mining companies from the prohibition of the exportation of silver bars in 1835. In consequence of the delay which usually took place in the delivery of the value in money of silver deposited in the Mint of Mexico City for coinage, combined with the high rate of interest prevailing in Mexico, silver bars could only be disposed at a heavy discount, thus occasioning a very serious arrival loss to the British mining companies.<sup>85</sup> Were the exportation of bar silver

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82. H.G.Ward, Mexico, Vol.II, Henry Colburn, London, 1829, p.527.

83. "Memorials and Correspondence relative to the protection of British Commerce against blockades of Mexico," Parliamentary Papers, Vol. XLVIII, p.285, 297 and 298.

84. Tom J.Cassidy, "British Capital and the Silver Mining Industry, 1820-50," Centre of Latin American Studies, University of Cambridge, Working Papers No.21, p.15-16.

85. F.O. 50/98 Richard Pakenham to Lord Palmerston, No.12, Mexico, 9 February, 1836 and enclosure (Pakenham to Don José María Ortiz Monasterio, Mexico, 7 January 1836).



permitted, as was formerly the case, uncoined bullion would not have been subject to any discount, and the companies would have had no longer to suffer the heavy loss they were now incurring upon the sale of bar silver. The British companies appealed to their Minister in Mexico to intervene on their behalf, and as a result a decree was passed in 1835 authorizing the government to permit the exportation of 100 bars of silver and 1000 marks of gold. The privileges of exporting the 1000 bars was granted to Manning and Marshall Company on condition of their paying the duties in advance and by an understanding with them that 200 of the bars were to be exported by the Real del Monte Company.<sup>86</sup>

The British companies also had problems with the Mexican workers over the issue of partido or share of the proceeds. During most of the eighteenth century, it had been common to allow the miners a partido in addition to their daily wage. The British mining companies, especially the Real del Monte, decided to get rid of this system, but the Mexican workers resisted all attempts to abolish the partido. In June 1827 workers at the Real del Monte mines threatened to use violence in order to get the partido restored. Federal troops numbering about 50 soldiers had to be called in order to stop any outbreak of violence.<sup>87</sup> The Mexican government then intervened and appealed to the British Minister Richard Pakenham and the Real del Monte Company to see that reasonable

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86. F.O. 50/98 Richard Pakenham to Lord Palmerston, Mexico, 9 February 1836.

87. F.O. 50/34 Richard Pakenham to George Canning, Mexico, No.25, 17 June 1827.

demands of the workers were met so that the miners could afford a useful service.<sup>88</sup> The workers were thus able to get the Real del Monte Company to sign an agreement with them that recognized the partido.<sup>89</sup>

Further troubles occurred in December 1827 when the Real del Monte workers at Zacatecas refused to accept for their labour a remuneration less than four-fifths of their produce of the mine. Federal troops had to be called to protect Company property and the lives of British Company officials from the riotous workers.<sup>90</sup>

The Bolaños Mining Company was also faced by a serious riot on 10 April 1825 at the mine of Veta Grande near Zacatecas when about 1000 workers attempted to break into the house which the Company's British officials had retreated into, setting fire to the machinery and buildings.<sup>91</sup> The workers were angered by the dismissal of their overseer who was regarded by the Company as a troublemaker. The overseer had demanded better conditions for his fellow workers, and as a result the Company regarded him as a threat. Federal troops had to be called to quiet the

88. F.O. 50/34 Richard Pakenham to George Canning, Mexico, No.25, Mexico, 17 July 1827 and enclosure Juan José Espinosa de los Monteros to Richard Pakenham, Mexico, 11 June 1827.

89. Robert Randall, Real del Monte. A British mining venture, p.142 and F.O. 50/35 Richard Pakenham to Earl Dudley, Mexico, No.60, September 20, 1827.

90. F.O. 50/36 Richard Pakenham to Earl Dudley, Mexico, No. 93, 24 December 1827.

91. F.O. 50/43 Richard Pakenham to Earl Dudley, Mexico, No.56, 24 April, 1828.



riot there.<sup>92</sup>

The problem over the payment of the partido further occurred in May 1833 in <sup>the</sup> Santa Teresa mine of the Real del Monte Company. Militant barreteros (miners paid daily wages) demanded the reinstatement of the partido in accordance with the 1827 contract. Troops had again to be called in, but those workers were however able to force their issue.<sup>93</sup> However in 1840-41 Commissioner John Rule of the Real del Monte Company tried to change the partido and this provoked the most complex labour dispute. Commission Rule had insisted upon the introduction of a wage system that excluded the partido. His aim was to introduce the Cornish tutwork system that would have excluded the peculiarly Mexican profit-sharing plan.<sup>94</sup>

The Mexican workers threatened in August 1845 to burn all the property of the Real del Monte Company unless the partido was restored. Lack of troops to protect Company property forced Commissioner Rush to accept the demands of the Mexican workers. The Real del Monte Company was however able to replace the partido with tutwork when it acted with more subtlety.<sup>95</sup>

92. F.O. 50/43 Richard Pakenham to Earl Dudley, Mexico, No.56, 24 April, 1828 plus enclosure, Juan Dios Carriedo to Richard Pakenham, 16 April 1828. The United Mexico mine of "El Oro" was also affected by riots that Richard Pakenham had to address a note to the Mexican Secretary of Foreign Relations requesting that troops should be stationed there. See F.O. 50/43 Richard Pakenham to Earl Dudley, No.60, Mexico, 28 May 1828 plus enclosure, Pakenham to Canedo, Mexico, 26 April 1828. Twenty soldiers were sent to protect the property and lives of the British staff of this Company during the riots of March-April 1823.
93. R.W. Randall, Real del Monte. A British mining venture, p.143-144.
94. R.W. Randall, Real del Monte. A British mining venture, p.144.
95. R.W. Randall, Real del Monte. A British mining venture, p.149-151.

Reasons for the failure of the British Mining Companies.

None of the original British Mining concerns appear to have survived past the middle of the Nineteenth Century except for the United Mexican Mining Company, which was by then so reorganized that it could hardly be considered the same company.<sup>96</sup> A number of factors contributed to their failure. There was total ignorance of everything connected with Mexico in Britain. Those who invested their capital literally knew nothing about the actual state of the industry and mines which their companies had acquired in Mexico. "The whole process appears to have been that of the blind leading the blind, and the Commissioners (of those British Mining companies) started out for the New World with less confidence than they had left behind."<sup>97</sup>

The only knowledge of Mexico which the British public possessed in 1824 was derived from the Essai Politique of Baron Humboldt, which was calculated to create an erroneous impression with regard to the actual state of Mexico, by description of a splendour, which had long ceased to exist. Baron Humboldt had visited Mexico during a period of great prosperity, and his survey was made at the end of a twenty-five year period during which Mexico had achieved its greatest prosperity. Many things had happened in Mexico since his departure from that country in 1804 which completely altered the conditions of the mines. The Wars of Independence completely brought the Mexican Mining industry to a standstill

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96. R.W.Randall, Real del Monte. A British mining venture, p.35.

97. M.J. Penn, British Investment in South America and the financial crisis of 1825-1826, M.A. Thesis, Durham University, 1969, p.105; and H.G. Ward, Mexico, Vol.1, p.414-418.



by destroying both the mining activities and the Mexican economy.<sup>98</sup>

Mexico was never again the chief world producer of silver.

The British public and the mining companies failed to make allowances for the changes that had occurred by 1824. No allowance was given for the destruction of the landed property, the dispersion of the mining labour force, the destruction of stock, and the difficulty of reorganization of the industry, which also depended on the Mexican economy as a whole. The companies and the British public expected to move in and make quick profits as if the industry had not been destroyed by the prolonged struggle for independence.<sup>99</sup>

The companies also expended large sums upon mines, which, had they been better acquainted with Mexico, they would never have attempted to acquire "in 1825, the rage on taking up mining contracts was such, that many adventurers, who presented themselves in London for that purpose, disposed of mines (the value of which was, to say the least, very questionable,) to the Boards of management in England, without the Agents of the company upon the spot having been either consulted, or even appraised of the purchase, until they were concluded."<sup>100</sup>

Mines were also acquired in Mexico without proper inquiry or precaution, and large sums were often paid down for "mere pits", which, upon investigation, it was found impossible to work. In some cases ,

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98. F.O. 50/32 H.G. Ward to George Canning, London, 30 December 1827.

99. H.G. Ward, Mexico, Vol.I, p.414.

100. F.O. 50/32 H.G. Ward to George Canning, London, 30 December 1828.

operations were actually commenced, and all the preliminary parts of a mining establishment formed, without sufficient data to afford a probability of repayment. These included the mines of Zimapan, El Doctor, Capula, Chico and Temascaltepec, etc.<sup>101</sup>

Many hastily written leases were unfavourable to the new investors, for the original contracts often conceded wide powers to the owners of the mines, especially over the appointment of personnel; and various mal-practices arose from this.<sup>102</sup> Furthermore the price paid for their owners in the shape of alimentos (a yearly allowance to the owners) proved serious addition to the first outlay of the adventurers.<sup>103</sup>

Ruinous competition between the various companies in acquiring the mines, compelled many of them to accept terms dictated by Mexican proprietors instead advancing their own terms. Some of the conditions were such that the companies stood very little chance of making profits. Some of the most expensive mines such as Valenciana and Rayers were held for a shorter term of years than would have been desirable. The companies accepted these terms because they were sure of a quick profit within one or two years.<sup>104</sup>

101. H.G. Ward, Mexico, Vol.II, p.418.

102. Tom J. Cassidy, "British capital and the Mexican silver mining industry, 1820-1850" Centre for Latin American Studies, University of Cambridge, Working Papers No.21, p.9.

103. The Real del Monte Company paid to Count Regla \$20,000, and the Anglo-Mexican, for the mine of Valenciana alone, paid \$24,000 yearly to Count Pérez Gálvez and promised two-thirds of future profits. See F.O. 50/32 H.G. Ward to George Canning, London, 30 December, 1827.

104. G F.O. 50/32 H.G. Ward to George Canning, London, 30 December, 1827.



Nine-tenths of those who were engaged in this venture believed that the drainage of water from the mines was the only obstacle to be overcome. This was to be overcome by the application of English machinery whose success was unquestionable.<sup>105</sup>

The practical experience of the Mexican miners was under-rated, their machinery condemned, without any previous inquiry as to its powers, or the different degrees of perfection which it had attained in the different districts. The British companies were convinced that they simply knew more than the Mexicans regarding underground mining operations. They were further convinced that the steam engine would both revitalize and revolutionize the industry.<sup>106</sup> Steam engines were

105. W.F. Cody, British interests in the independence of Mexico, p.348. The British seriously underestimated the cost of clearing the mines, and exaggerated the value of steam power. Steam engines were practically unserviceable in many parts of Mexico, and in no way were they unqualified successes. Only Real del Monte seemed to have fared better in using steam power to drain its mines.

106. H.G. Ward, Mexico, Vol.I, p.415, Mexico had a mining tradition of its own which had been developed on a considerable scale and for a much longer time than any mining area in Britain. In fact Mexican machinery was found by the British to be fully adequate to drain the mines, but by then they had spent huge sums bringing their own machinery. Anglo-Mexican spent over £100,000 in machinery, one-twentieth part of which was made use of, the machinery of Mexico having been found fully adequate to drain the mines. See W.F. Cody, British interests in the independence of Mexico, p.347. The Mexican company depended upon German miners and mining engineers, and the Tlalpujahua Company put its trust in Italians. Many of these men were former army officers. See W.F. Cody, British Interest in the Independence of Mexico, p.322.

therefore shipped to Mexico without any study being seriously conducted as to their suitability in Mexico.<sup>107</sup> In a country where labour and houses were cheap, transportation poor, and fuel dear, the companies continued to import many heavy powered-driven machines.<sup>108</sup>

Shares in the seven companies were sold with the promise of quick profits. No allowance was given for a period of grace for the Company to adapt themselves and revive the mines. Further, the rush optimism of the boom period impelled the companies literally to throw all their initial capital to reap quick large profits. When this failed, they were left with no resources to profit from what they had learnt in the first extravagant splurge of misdirected energy.<sup>109</sup> This failure to deliver quick profits led to a financial panic that brought shares tumbling down, and thus the curtailment of capital. This created serious hardships and the abandonment of several mines.

The recruitment of British naval and military officers, as commissioners, on half pay lists, not trained to direct mining operations was unwise. The fact that so many of the commissioners were military men indicated how the directors of the various companies tended to view their operations abroad somewhat as military exercises rather than

107. Tom J. Cassidy, "British Capital and the Mexican Silver Mining Industry, 1820-1850," "Centre of Latin American Studies, University of Cambridge, Working Papers No.21, p.4.

108. Marvin D. Bernstein, The Mexican Mining Industry, 1890-1950, State University of New York, 1964, p.13. This mistake proved costly especially for the Anglo-Mexican which discovered that in the district it had acquired mines was entirely devoid of any material which would be used as fuel. All but the smallest engines were quite useless. It had incurred a cost of almost £100,000 bringing these machines to Mexico.

109. W.F. Cody, British interests in the independence of Mexico, p.344.



as industrial enterprises with their own special problems. Directors in London were also incompetent to direct operations in which both scientific and local knowledge must (have been) considered indispensable."<sup>110</sup> They appear to have thought that energy and the pouring of huge sums of money into Mexico would make up for their deficiencies. It was for this reasons that hundreds of tons of machinery and equipment were assembled, engineers and miners recruited by the hundreds, and ships chartered to ply back and forth between the two countries.<sup>111</sup>

Refusal on the London administrators of companies like the Real del Monte to grant much authority to the heads of their establishments in Mexico, led to a lot of delays in decision making on matters of urgent importance. Directors in London insisted on being consulted on all matters affecting the company regardless of their magnitude.<sup>112</sup>

The Cornish workers recruited as engineers, artisans and miners were a financial disaster as they failed to benefit the companies and proved to be very undisciplined.<sup>113</sup> The Anglo-Mexican Mining Company

110. Henry English, A general guide to the Companies formed for working foreign mines.p.10. The first two commissioners of the Real del Monte and Bolaños, the deputy commissioner of the Tlalpujehua, and the two principal commissioners, the Anglo-Mexican and United Mexican Associations, during the 1830's were all ex-army officers.

111. W.F. Cody, British interests in the indepondence of Mexico, p.345; and Marvin D. Bernstein, The Mexican Mining Industry, 1890-1950, p.13.

112. Robert W. Randall, Real del Monte. A British Mining Ventre, p.71 and 213.

113. H.G. Ward, Mexico, Vol.1, p.415. Many of the Cornish miners indulged in heavy drinking and were lazy.

had spent by September 1826, nearly £30,000 in salaries to those men, most of whom were later dismissed. The Real del Monte and the United Mexican Companies also dismissed their European workers and replaced them with native miners, and the latter in many instances confided the management of the Company to Mexicans.<sup>114</sup> The Cornish system of working and dressing ores also proved a failure, and led to financial losses, that the companies had to leave the work of reducing the ore to Mexicans.<sup>115</sup>

Despite the failure of British companies as economic enterprises, they were successful in making lasting technical advances, particularly in the area of drainage. They were able to drain water from the mines more efficiently and cheaply than had been done before. What they lacked were financial resources to import large steam engines, and to enable them to maintain their workings.<sup>116</sup> They were however able to replace the long out-dated malacate with the steam engine, and also to devise a method of treating low grade silver more efficiently than had been done before in Mexico.

The failure of the British mining companies seen have been mainly due to short sightedness both on the part of the British public and Company directors. They gave no allowance for the fact that the mines were badly devastated by the wars of independence, and that they were

114. F.O. 50/32 Henry G. Ward to George Canning, London, 30 December 1827. The Cornish Workers were shipped back to Britain.

115. F.O. 50/32 Henry G. Ward to George Canning, London, 30 December, 1827.

116. The amount of capital invested by the British concerns was one third that which was formerly invested by the Peninsulares. Further more, after 1826 the British public for fear of losses, was not keen to invest on a project which did not produce quick profits.



entering into a field which they practically knew nothing except the outdated information from Humboldt's 'Essai Politique'. British technology and capital was expected to work miracles in mines which the new investors failed to realise that most of them had neared the end of their production. Most of all, the failure seemed to have stemmed from the introduction of a foreign technology into another country without an adequate study of local conditions, an inadequate capital investment to match that which was formerly invested by the Peninsulares.

## CHAPTER VIII    COMMERCIAL RELATIONS

The opening of the Mexican ports to international trade by the decree of December 15, 1821, appealed to British merchants, manufacturers and shippers, for it opened to them a new and potentially rich frontier formerly monopolized by Spain.<sup>1</sup> They therefore took the lead, as a pressure group, to persuade their government to recognise the independence of Mexico.<sup>2</sup>

After striving for nearly two hundred years to get a share of the Mexican commerce, British merchants took advantage of the decree, and quickly moved towards dominating this trade. An excellent merchant navy and a suave diplomacy helped them in gaining a predominance in Mexico's import trade.<sup>3</sup>

Mexico was pre-eminently a market for cotton goods which accounted for over half of the British exports to this country. Next in importance were woollen and linen goods, forming roughly a

- 1 W.F. Cody, British Interests in the Independence of Mexico, Ph.D. Thesis, University of London, 1954, p. 320. Before 1820 the port of Vera Cruz and that of Acapulco on the West Coast were the only ports open to international trade. However Yucatán and Campeche had received permission to trade with Spain by a royal order of 5 July 1770, and in 1811 the ports of Tuxpan and Tampico were opened to coastal trade, to aid the port of Vera Cruz which was burdened with a lot of trade. By the decree of 9 November 1820 the liberal Spanish Cortes (whose acts were subsequently disavowed by Ferdinand VII) ordered the opening of all the major and many of the ports of the West Indies to foreign commerce. Tampico, Alvarado and Guasaculco were therefore opened. The Act of December 15, 1821 declared that commerce was free to all nations at a uniform tariff of 25 per cent, that foreign ships could be admitted in all properly equipped ports, and that these ports were those which the Cortes had enumerated in its decree on 9 November 1820.
- 2 Richard Rush to John Q. Adams, June 24, 1822, July 26, 1822, June 10, 1822, Documents 782, 784 and 781, in W.R. Manning (ed), Diplomatic Correspondence of the United States concerning the Independence of Latin American Nations, O.U.P. New York, 1825, Vol. III.
- 3 Charles C. Cumberland, Mexico: The Struggle for Modernity, O.U.P. London, 1968, p. 171. By 1870 Britain shared with the United States between 65 and 70 per cent of the Mexican trade, but she exported more than she imported from Mexico, whereas for the latter it was the reverse.



quarter of the trade. Other major exports included earthenware, machinery, and millwork, plates, plated wares, jewellery and watches, silk manufactures, stationery, tin plates, arms and ammunition, printed books, brass and copper, chariots, coaches and chaises, carts and wagons, glass, hardware and cutlery, hats, iron and steel, leather and saddlery, etc.<sup>4</sup>

Colonial and foreign products exported by British merchants to Mexico included cotton and linen, diapers and plain linen (manufactures of India and Europe), bugles, cinnamon, cloves, cocoa, iron bars, pepper, quicksilver, raw silk, silk manufactures, spirits, steel (unwrought), wax and woollen manufactures.<sup>5</sup>

Britain's re-eminent position as the chief exporter of manufactured goods to Mexico was based on a combination of low prices, the high quality of her goods, and the satisfactory terms of credit her merchants could offer their customers.<sup>6</sup> The pound sterling was also an international currency used by merchants all over the world to finance their trade.

During this period London occupied a unique position as the financial centre of the world with internationally famous merchant banks like the Rothchilds, Baring, Schroeder, Lizardi and Morgan, etc. The City of London was also blessed with commodity markets like the

4 'Return relating to the trade with Mexico, from 1820-1841', Parliamentary Papers, Vol. XXIX, 1842, p. 530-532.

5 "Quantities of the principal articles of foreign and colonial merchandise exported from the U.K. to Mexico", Parliamentary Papers, Vol. XXXIX, 1842, p. 528-529. Britain imported from Mexico, cochineal, coffee, copper (ore and unwrought), justic hides, Jalap, indigo, logwood, Nicaragua wood, mother of pearl shells, pimento, sarsaparella, vanelloes, and cotton and wool.

6 Stanley J. Stein and Barbara H. Stein, The Colonial Heritage of Latin America, O.U.P. New York, 1970, p. 154. The British merchants in Latin America extended credits to local merchants at half the interest rates of their competitors.

Baltic and Metal Exchanges, and insurance firms like the internationally famous Lloyds which could handle every kind of insurance.<sup>7</sup> All these facilities enabled British merchants to take up powerful positions in the export trade of Latin American products, and to dominate its import trade.

The early British merchants who settled in Mexico after the declaration of independence in 1821, established themselves at Mexico City, and used Vera Cruz as merely a place of transit.<sup>8</sup> This was mainly because they were all commission-merchants, and found it more advantageous to supply the retailers of the interior directly, without the intervention of any intermediate agent. However, in establishing themselves at one spot, rather than spreading to different parts of the country they:

repeated the error committed by the Spaniards, with merely a great reduction in the value of the goods brought into the market, in consequence of a great competition.

Thus, in the capital, European manufactures (were)

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7 Sir Robert Marett, British Trade and Investment, Charles Knight and Co.Ltd., London, 1973, p. 189. London also handled international payments to the exporters of France, Germany, and the United States, who, in turn, sold to Latin American countries.

8 F.O. 50/31A No. 9 H.G. Ward to George Canning, Talpukahua, 19 January 1827. By 1826 there were about 14 British commercial houses in Mexico, 8 of which had permanent establishments at Vera Cruz. There were also 4 American and 3 German houses, and an 'immense' number of foreign shopkeepers, mostly French; British firms and traders included Hartley, Green and Co., Tayleur and Co., John Tayleur, Manning and Marshall, Crowford and Co., Cross, Macintyre and Co., Richard Francis, Berhucan and Muller, George Davidson, Hudgson, Penny Brothers, George Robertson & Co., Drake and Nolte, Herring Richardson and Co., Daniel O'Ryan and Co, Buchan, Mathiessen and Co., and Lavater Ross and Co. Some of these houses established branches upon various points of the coast, but every query that occurred was referred to the headquarters. These men were all commission-merchants who supplied retailers of the interior directly with British manufactured goods.



often ... sold under prime cost, while the same articles, if landed upon other points of the coast, and properly spread through the country, without the addition of unnecessary land-carriage, (an expense always incurred when goods are transmitted through the capital to the interior), might have been disposed of at a moderate of profit.<sup>9</sup>

As a result of British merchants' concentration at Mexico city, a large portion of British manufactures consumed in Mexico passed entirely through American hands.<sup>10</sup> These goods after passing through the ports of Tampico, Soto la Marina and Refugio from the United States, were disposed of by American merchants at San Luis Potosí and Saltillo where these traders had established themselves.

#### The decline of Mexico's Commerce, 1821-1823

The average annual value of the whole of the trade of Mexico with the exception of that carried on through San Blas and Acapulco (which never exceeded in value one million and a half dollars, and consisted exclusively of Asiatic produce) for the twenty-five years

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9 H.G. Ward, Mexico, Henry Colburn, London, 1829, Vol. I, p. 320-321. Of the early British traders only Archibald T. Richie, Alexander Forbes, George T. Davy and William C. Sturt, and A. M. Short settled outside the capital. The first four settled at Tepic, and the last at Cosala in Sinaloa.

10 H.G. Ward, Mexico, Henry Colburn, London, 1829, Vol. I, p. 321.

before the outbreak of the Wars of Independence, amounted to Mexican \$21,545,606<sup>13</sup>/<sub>25</sub> per annum.<sup>11</sup> The first effect of the Revolution of 1821 was an immediate and extra-ordinary decrease in the imports and exports, the total amount of which at Vera Cruz, fell in 1821 to \$17,244,569,<sup>12</sup> to \$14,030,478<sup>13</sup> the following year, and further to \$6,259,209 in 1823.<sup>14</sup>

- 11 F.O. 50/7 No. 14 Charles Mackenzie to George Canning, Jalapa, 24 July 1824. Exports amounted to \$11,181,368 23/25 of which \$8,391,088 was the export of precious metals and \$2,790,280 23/25 of other products. Imports amounted to \$10,364,237 15/25 of which \$8,977,885 was of European manufactures and \$1,386,352 15/25 of other produce. Of the imports four-tenths were the produce and manufactures of Spain and her colonies, and the remaining were the manufactures of other European countries, indirectly imported through Spain and Cuba, the returns of which were made through the same medium. Majority of the manufacturers were British and German.

H.G. Ward, Mexico, Vol. I, p. 415-418, adds to the import and export figures the value of precious metals exported on the royal account and to the imports the value of the royal monopolies on quick-silver and tobacco, the former being \$8,340,667 and the latter \$1,500,000 annually. This brings the average value of the exports to \$19,522,035 and the imports \$11,864,237. Miguel Lerdo de Tejada, Comercio exterior de México, p. 25-27 deducts 25 per cent from the value of the imports introduced through Vera Cruz on account of the monopoly price imposed by the Old Spanish houses that controlled the Consulado. The value of the imports would therefore be less than \$10,000,000.

- 12 F.O. 50/7 No. 14, op.cit. Exports amounted to \$9,969,517 of which \$9,706,522 went to Spain and the rest to Latin American states. Imports from Spain amounted to \$6,008,468 of which \$3,473,848 was of Spanish produce, and the rest was foreign. Imports from Cuba consisted of \$519,044 of local produce and \$619,545 of European produce.
- 13 Export to Spain amounted to \$7,161,312 and to Cuba and Gulf ports \$2,137,308, and \$1,008,839 to foreign ports. Imports from Spain consisted of \$1,259,063 of Spanish produce and \$319,753 of European manufactures. Imports from Cuba consisted of \$650,033 of local produce and \$324,446 of foreign produce. Imports direct from foreign countries amounted to \$1,169,764.
- 14 In 1823 exports amounted to \$2,346,137 of which \$227,117 went to Spain, \$958,165 to Cuba and \$1,160,855 to foreign ports. Imports amounted to \$3,913,092 of which \$427,274 came from Spain as Spanish produce, and \$52,733 was of foreign origin, \$484,443 was of local Cuban produce and \$857,910 was of foreign origin, imported from Cuba, and \$2,090,732 came directly from foreign countries.



The decline in Mexico's commerce was due to:

- (1) Spain which formerly monopolized Mexico's commerce to the exclusion of other nations, retaliated by cutting its trade with Mexico once the latter declared itself independent. The effect was that imports of Mexican products to Spain and her dependencies in 1822 amounted to one-fifth of the previous year. The following year this trade further fell to one-fourth that of 1822. By 1803 not only did total Spanish imports such as silk, brandies, wines and paper become scarce, but gave way to other products of which there was a growing demand.<sup>15</sup> Mexico's exports fell drastically through these three years. In 1822 only seven-tenths of this trade went to Spain, two tenths to Cuba (chiefly to the importers of European manufactures), and the remaining tenth went to Britain and the United States. The following year although free trade was permitted and exercised with Spain, exports to that country were more than one-tenth, but that to Cuba, a duty-free port, rose to four-tenths, and the remaining half went to Europe and the United States.<sup>16</sup>

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15 Silk manufactures fell from \$1,205,219 in 1821 to \$224,288 in 1822, and to \$212,778 the following year. The value of linens (formerly of great importance) in 1821 amounted to \$1,723,342, in 1822 was reduced to \$436,915, but rose to \$717,245 in 1823. Woollens which in 1821 amounted to \$811,944, fell in 1822 to \$122,398, and in 1823 rose again to \$231,520. Cottons in 1821 amounted to \$888,726, in 1822 the value was reduced to \$573,193, but in 1823 it suddenly rose to \$1,156,787. Wines fell from \$482,096 in 1821 to \$125,631 in 1823. Brandies fluctuated from \$309,824 to \$580,443, and fell to \$210,886 in 1823. Paper fell from \$415,938 in 1821 to \$154,903 the following year and to \$160,906 in 1823. Until 1822 imports came almost exclusively from Spain and Cuba.

16 F.O. 50/7 No. 14. Charles MacKenzie to George Canning, Jalapa, 24 July 1824.

- (ii) The sudden decline and the final withdrawal of the commercial capital in the country by Peninsulares who migrated to Spain and Cuba. This capital was withdrawn from the early 1810s, and by 1821 that which remained was only enough to maintain a certain activity in trade.<sup>17</sup>
- (iii) As the means of payment ceased, commerce became for a time paralyzed, and the demand for articles of necessity was infinitely restricted, while that for luxuries entirely ceased, except among the very rich.<sup>18</sup>
- (iv) The destruction of the mines and the disorganisation of society as a result of a decade of the Wars of Independence, badly affected Mexico's commerce. The prosperity and progress of Mexico bore a direct ratio to the mining activities. The restoration of the mining activities was therefore important to inject a new life to the Mexican economy.<sup>19</sup>

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17 F.O. 50/7, No. 14, Charles MacKenzie to George Canning, Jalapa, 24 July 1824, and Brian R. Hamnett, Politics and Trade in Southern Mexico, 1750-1821, Cambridge, 1971, p. 146.

The only exports to Spain between 1821 and 1823 were in convertible capital in the form of gold and silver. Mexico's export figures in 1823 were high as a result of this migration of Peninsulares' capital.

18 F.O. 50/7 No. 14, Charles MacKenzie to George Canning, Jalapa, 24 July, 1824. While the Peninsulares were still engaged in winding up their business, 1821-1823, there was little to animate foreign speculators. It was not until 1824 that foreign merchants had acquired faith in Mexico's Institutions, and had acquired first hand knowledge of Mexico's internal trade. Lack of enough imports compelled a great majority of the population to seek, in its own industry, a substitute for those necessities, which it was unable to procure from the manufacturing nations of the Old World. Local woollen and cotton manufactures therefore increased. See H.G. Ward, Mexico, Vol. I, p. 313-314.

19 F.O. 50/7 No. 14 Charles MacKenzie to George Canning, Jalapa, 24 July 1824.



- (v) Finally, contraband trade increased after independence and became more attractive than normal trade. This was mainly due to a high tariff rate imposed by the government, and over valuation of imported goods. Smuggling also increased as a result of Mexico having a large unprotected coast. There was also extreme laxity by Customs officers whose inadequate salaries exposed them to corruption.<sup>20</sup>

There was a considerable shipment of British manufactures after 1823 when the ports of Vera Cruz and Alvarado were opened to foreign trade. Twelve ships called at the former port with 1,912 tons of goods and three at the latter port.<sup>21</sup> British imports to Mexico came mainly from the ports of London, Liverpool, the City of Manchester, Belfast, Halifax, Leeds, Glasgow, and from the British colonies of Jamaica and India and from the Far East.<sup>22</sup>

The Spanish bombardment and the blockading of the port of Vera Cruz in September 1823 forced the British to transfer the bulk of their trade to the port of Alvarado, until 1826 when hostilities

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- 20 H.G. Ward, Mexico, Henry Colburn, London, 1829, Vol. I, p. 334-335; and Judith Blow Williams, British Commercial Policy and Trade Expansion, 1750-1850, Oxford, Clarendon Press, 1972, p. 259. Smuggling, according to H.G. Ward was mainly in small American schooners at the ports of Tampico, Soto de la Marina, etc. Smuggling at Vera Cruz was difficult as a result of an improved system of its Custom house. It was therefore confined to richer and less bulky goods like silk and silk stocking. The ports of Mazatlan and Guaymas had no Custom houses before 1825.
- 21 H.G. Ward, Mexico, Henry Colburn, London, 1829, Vol. I, p. 331, and F.O. 50/7 No. 14. Charles MacKenzie to George Canning, Jalapa, 24 July 1824. At Vera Cruz in 1823 34 American ships brought 2,551 tons of goods, 30 Spanish ships brought 2,681 tons, 18 Mexican ships brought 1,188 tons, 1 French ship brought 100 tons, and 1 Danish and 1 Swedish ship brought 42 and 120 tons respectively. At Alvarado 15 American and 1 Danish ships called.
- 22 F.O. 50/2 Green and Hartley to George Canning (plus British merchants letter to Canning enclosed) 23 September 1823. Some of the British ships that sailed for Mexico in 1823 included The Socrales carrying £10,000 worth of goods, and the Waterloo carrying £30,000 worth of goods. These ships left London in April that year. The Mary and Ellen carrying a total of goods worth £30,000 left Liverpool in May and in July the Henry left with a cargo worth £20,000. The Betsy left Greenock in May carrying a cargo worth £30,000.

between Mexico and Spain ended. Mexico's imports through this port in 1824 amounted to \$11,058,291 of which American imports amounted to \$878,737, European produce in American ships, principally through Cuba and Yucatan amounted to \$6,413,636. Exports through Alvarado amounted to \$15,158,941, of which \$2,423,019 were in silver (coined and wrought).<sup>23</sup>

At Tampico there was very little British trade, but British naval ships frequently visited the port to convey away considerable quantities of specie for British merchants. Trade here, like that of Vera Cruz and Alvarado, was in American hands, but they were trading mainly in British manufactures, shipped from New Orleans, Baltimore and Philadelphia, etc.<sup>24</sup> In the year terminating June 1824, about 5000 tons of American shipping were employed in this trade.<sup>25</sup>

Though no British ships called at Acapulco, the port received British goods directly from Mexico City.<sup>26</sup> In his report to

- 23 H.G. Ward, Mexico, Henry Colburn, London, 1829, Vol. I, p. 324. American estimate shows that the imports at Alvarado in American ships in 1824 were \$4,360,568, of which \$3,481,831 consisted of European produce. Direct importation from Europe were \$6,413,636 (see F.O.50/17 Charles T.O'Gorman to Bidwell, 20 December 1825). In 1824 29 British ships called at the two ports carrying 3,853 tons compared to 101 American ships carrying 8,933 tons of goods.
- 24 F.O. 50/7 No. 3 Charles T. O'Gorman to George Canning, Mexico, 9 July 1824; F.O. 72/275 R.P.Staples to Canning, Mexico, 24 September 1823; and F.O. 50/17 No. 14 Charles MacKenzie to George Canning, Jalapa, 24 July 1824. 24 American and 9 Spanish ships called at this port in 1823.
- 25 F.O. 50/7 No. 14 Charles MacKenzie to George Canning Jalapa, 24 July 1824.
- 26 Acapulco was never of much importance taken as a commercial port. The excellence of the harbour, capable of being well protected, alone gave it a preference, being considered the most eligible for the Asiatic trade during the colonial days. This was carried by a few privileged merchants with Manilla. This trade was never of much importance in comparison with that of Vera Cruz. It consisted, almost exclusively, in Chinese and Indian silk and muslins, which formed the cargo of the Galleon (Nao de la China) in return for which remittance were made in specie. The last Manilla Galleon left Manilla in 1811 and returned in 1815. The port was so ruined by the Wars of Independence and by the earthquake of 1820, that by 1824 there was only a handful of merchants.



Charles T. O'Gorman, Robert P. Staples, the British Consul at this port observed in 1824 that:

since the Independence, a period of four years, the shipping that has entered this port does not amount to 15,000 tons, exclusive of vessels of war and whalers. No British merchant vessel has arrived direct. A few European goods have found their way from Panama and from Chili (Chile), Peru, and Colombia, when the markets there have been overstocked. In general, however, Acapulco is supplied from Mexico (City). A cargo of British goods of £10,000 principal would stock the market for three years.<sup>27</sup>

The town of San Blas had always enjoyed British goods since the colonial days. Spanish merchants bought British goods in Jamaica, but freight charges and high duties made them expensive once they reached the Mexican market. High prices therefore induced foreign merchants to indulge in speculation when the commerce of Mexico was opened to foreign merchants after independence.<sup>28</sup>

27 F.O. 50/7 No. 9 Charles T. O'Gorman to Joseph Planta, Mexico, 10 August, 1824.

28 F.O. 50/17 No. 2 Eustace Barron to (George Canning), Tepic, 1 January, 1825. After Independence importation of British goods at this port was mainly from the ports of Chile and Peru, or by British vessels calling at these ports and then forwarded with part of their cargo by order of the consignees established in these countries. In 1824 10 British vessels cleared from this port in 1824 and 4 American, with specie to the value of \$1,637,000. In the half year ending 30 June 1825, 5 British vessels entered with cargoes to the value of \$361,000, and 4 American with cargoes valued at \$100,000.

The port of San Blas was also important for the East India trade, which mainly consisted of coarse cotton cloth known as 'sanahs' and 'bafitas', and in India called 'cotton piece goods'.<sup>29</sup> Their cheapness and their fitness for consumption in Mexico gave them a decided preference to similar goods imported from elsewhere.

Despite Mexico's adoption of a tariff regulated by the old monopoly prices and which was almost prohibitory, there was an over supply of British goods that Eustace Barron, the British Vice Consul at port remarked:

The quantities of cotton goods pouring from India and England has already created an oversupply and will very soon cause a complete glut, prices must give way from the inability of the merchants to hold their goods, or from the prospect of the impossibility to expend such quantities, and I have no doubt much ruin will ensue to British subjects and others introducing goods into these countries unless the Mexican government extensively amends its present (tariff) system.<sup>30</sup>

This Indian trade came to an end in 1828 as a result of

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- 29 F.O. 50/17 No. 2, Eustace Barron to (George Canning), Tepic, 1 January 1825. This trade was mainly in American ships.
- 30 F.O. 50/17 No. 2 Eustace Barron to (George Canning), Tepic, 1 January, 1825. In this despatch, Eustace Barron noted that "A tariff regulated by the old monopoly prices, without any regard to the actual prices of the day, has been formed in which the duties are charged, and on these imaginary prices a duty of about 48 per cent, which in many cases equals it to 200 per cent on the invoice cost of the articles introduced."



competition from similar goods introduced from Lancashire (Britain) and the United States.<sup>31</sup>

In 1826 the number of British ships calling on Mexican ports rose to ninety-five, of which fifty-five came direct from Britain, twenty five from the British West Indies, and fifteen from Gibraltar.<sup>32</sup> The following year the number of British ships doubled: ten ships came from London with a cargo weighing 1,602 tons, twenty-six from Liverpool with 4,088 tons of goods, twenty one from Gibraltar with a cargo of 2,598 which consisted mainly of foreign and colonial produce and manufactures, one ship came from Glasgow carrying 82 tons of manufactures, and one from Calcutta with 230 tons, two from Jamaica with 695 tons of produce, and twenty-four from Belize with 84 tons of produce.<sup>33</sup>

British ships calling on Mexican ports before 1827 seem to have lacked a return cargo, for many sailed back empty. This was because specie and cochineal were mainly shipped in British men-of-war.<sup>34</sup> Lack of a return cargo therefore gave the Americans an advantage over their

31 T.W. Keeble, Commercial Relations between British overseas territories and South America, 1806-1914, The Athlone Press, University of London, 1970, p. 2. F.O. 50/31A No. 9 H.G. Ward to George Canning, Jalapa, 19 Jan 1827 reports that by 1827 the trade on the west coast by that year had been reduced almost to nothing and that the port of San Blas was almost abandoned. British vessels on the west coast called mainly at Mazatlán and Guaymas. Most of the goods introduced in the west were smuggled.

32 49 French ships, 15 Dutch, 6 Italian, 2 German (Hamburg and Bremen) 1 Swedish and 1 Russian, 399 American, 46 ships from Lima, Coyaquil and other parts of the Pacific, 6 Colombian, 5 Chinese, 2 Chinese and 10 whalers on the Coast of California, called at this port.

33 British and foreign state Papers, Vol. 17, 1829-1830, p. 1259. The largest shipping of British manufactures between 1825-1827 came mainly from Liverpool, followed by London and Manchester. In 1825 Liverpool exported 3½ million yards and 350 yards of cotton manufactures to Mexico, and the following year another 2 million yards, and 350 yards of linen were exported to Mexico. Manchester, Glasgow and Belfast sent cotton, woollen and linen goods. London re-exported foreign and colonial products.

34 F.O. 50/7 No. 14 Charles MacKenzie to George Canning, Jalapa, 24 July 1824.

British rivals, since they were able to charter their vessels on lower terms. High freight charges therefore forced the British merchants before 1827 to charter American vessels from Britain.<sup>35</sup>

After 1827 British merchant ships appear to have been involved both in the import and export trade of Mexico, for in that year twenty one vessels sailed for London with a cargo of 2,086 tons, five left for Portsmouth with 445 tons, twenty one left for Liverpool with 3,266 tons, five for Gibraltar with 714 tons, and one for Dublin with 174 tons of goods.<sup>36</sup>

The trade of the Mexican ports in the 1830s and 1840s continued to be dominated by British manufactures. British tonnage to the port of Vera Cruz in 1835 rose to 4,836 tons, though only thirty one ships called. Though the American tonnage and number of ships were higher than those of the British, they continued to trade in British manufactures.<sup>37</sup>

Foreign shipping and tonnage fell in 1836 as a result of the secession of the state of Texas. That year twenty one British ships called at Vera Cruz with a cargo of 3,469 tons valued at

35 F.O. 50/7 No. 14 Charles MacKenzie to George Canning, Jalapa 24 July 1824. American merchants shipped British goods from New York, Philadelphia, and other Ports of the United States, and they were thus able to undersell direct British importers.

36 British and Foreign State Papers, Vol. 17, 1829-1830, p. 1258. In 1827 10 British ships came from London with 1,602 tons of goods, 26 from Liverpool with 4,088 tons, 21 from Gibraltar carrying 2,598 tons, 1 from Glasgow with 82 tons, 1 from Calcutta with 230 tons, 2 from Kingston (Jamaica) with 695 tons and 24 from Belize with 84 tons of produce.

37 Parliamentary Papers, Vol. XLVII, 1837-1838, p. 395. 12 ships came from Liverpool carrying £355,836 worth of assorted cargoes, 6 from London with a similar cargoes worth £88,825, 9 from Gibraltar with £56,046 worth of goods and 2 from Jamaica (one carrying an assorted cargo and the other cocoa) with £15,200 worth of cargo. Only two ships left for London with £12,400 worth of cargoes



£260,406, and the Americans and the French ships dropped to eighteen each with 3,195 and 3,730 tons respectively.<sup>38</sup> British trade did however increase after the lifting of the French blockade in 1839. Two years later after the cessation of hostilities between Mexico and France, forty-five British ships called at this port, forming nearly a quarter of all the foreign ships calling at Vera Cruz that year.<sup>39</sup> By June the following year twenty-six British ships had called on that port from Britain and her colonies. British domination of the trade of this port seemed to be on the decline in 1845, for the number of her ships was cut down to about half that of 1840.<sup>41</sup>

The trade of San Blas, Guaymas and Mazatlan continued to be in British hands during this period. In 1835 thirteen British ships called on these ports with £161,000 worth of goods and left with

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- 38 Parliamentary Papers, Vol. XLVII, 1837-1838, p. 397. 8 ships came from Liverpool with £33,390 worth of assorted cargoes, 3 ships came from Gibraltar carrying £23,924 worth of produce and 1 came from Jamaica with £5,316 worth of goods. Only one ship sailed back with any cargo. It sailed for London with 3,932 tons of goods worth £16,050. Business lagged through 1835, 1836 and 1837 because of rumours of a new tariff, which in fact came into effect in 1837. At the end of that year no more cheap cotton goods and yarns could be imported, and a new duty, called a transit duty was imposed on cottons in general.
- 39 Parliamentary Papers, Vol. XLVII, 1837-1838, p. 397. This huge increase in the number of British ships was a result of the lifting of the French blockade on the ports of Mexico. Between 1839-1841 huge orders for British manufactures could not land at Mexican ports as a result of this blockade and therefore there was a large accumulation of stock to be shipped to Mexico.
- 41 Parliamentary Papers, Vol. XLIV, 1846, p. 447. 17 British ships arrived with 2,438 tons of goods with £468,200; 35 American ships called carrying 7,315 tons of goods; the French brought 3,765 tons in 17 ships and 16 Spanish ships brought 2,216 tons. 18 British ships left this port with a cargo weighing 2,676 tons; 34 American ships left with 3,104 tons; 20 French ships left with 4,493 tons, and 15 Spanish ships left with 2,101 tons of goods. Other foreign ships included Hanseatic, Danish, Belgium, Prussian, Sardinian and Venezuelan.

A Return of the number and tonnage of British vessels from Britain, entered and cleared in the trade with Mexico, 1820-1841. 40

<u>Year</u>	<u>Vessels entered Inwards</u>		<u>Vessels entered outwards</u>	
	<u>No. of Vessels</u>	<u>Tonnage</u>	<u>No. of Vessels</u>	<u>Tonnage</u>
1820	1	328	-	-
1821	2	480	1	-
1822	4	1246	6	166
1823	5	1402	11	1131
1824	5	919	16	1974
1825	10	1705	47	2483
1826	9	1283	20	3157
1827	11	2015	30	3620
1828	30	6342	20	5238
1829	18	3386	21	3890
1830	35	6236	51	8574
1831	32	4971	30	5056
1832	34	6006	20	3740
1833	32	5814	34	5591
1834	35	6893	29	5502
1835	38	7098	35	6039
1836	31	5343	21	3880
1837	44	7591	38	6126
1838	35	7003	26	5056
1839	34	7374	29	4836
1840	51	10025	26	4392
1841	65	12868	34	5836

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40 Parliamentary Papers, Vol. XXXIX, 1842, p. 532-533.  
 These figures are for vessels arriving and departing from  
 British ports for Mexico.



£51,788 worth of Mexico's exports.<sup>42</sup> This trade was however reduced in 1836 to only £39,600 worth of imports and £29,200 worth of exports in British ships.<sup>43</sup> The trade continued on the downward trend right into the 1840s, and in 1845 only four British ships called at San Blas with 1125 tons of British manufactures and left with \$44,000 worth of exports.<sup>44</sup>

Mazatlan was very much used by the British in the 1840s, and in 1845 they brought £274,000 worth of British manufactures, and left with \$381,500 worth of Mexico's exports. The British were closely followed by Equador and the United States as the main foreign importers of Mexican products through this port. They imported goods worth \$300,000 and \$250,000 respectively.<sup>45</sup>

Direct British participation in the trade of Tampico was limited, and here the Americans and the French dominated the trade of this port. The Americans mainly traded in British goods shipped

42 Parliamentary Papers, 1837-1838, Vol. XLVII, No. 193, p. 395-396. At Guaymas 2 ships arrived from London with an assorted cargo and quicksilver worth £50,000; one of the ships left for Europe with £1,200 worth of specie and the other left San Blas with a similar cargo worth £54,000. At Mazatlan 2 ships arrived from London with an assorted cargo worth £54,000 one from London and Callas with a similar cargo worth £8000, two from Liverpool and Callas with an assorted cargo worth £19,000 and four from Valparaíso (three of them brought £30,000 worth of assorted goods). Two ships left for London with Brazil wood and specie as cargo (worth £7,760), two left for Liverpool with a similar cargo worth £6,648, three left for Valparaíso with £7,380 worth of goods and one for La Paz (lower California) with Pearl shells and specie worth £1,000.

43 Two British ships came from Gibraltar with £14,000 worth of assorted goods; one from Macao with silk and other products worth £22,600, one from the south islands with a similar cargo worth £3,000 and one from Guaymas in ballast worth £600.

44 Parliamentary Papers, Vol. XLVIII, 1846, p. 451

45 Parliamentary Papers, Vol. XLVIII, 1846, p. 451

from the American ports close to Mexico such as New Orleans and thus undermined direct imports from Britain. In 1835 only six British ships called. One from London carrying dry goods worth £56,000, one from Liverpool with a similar cargo worth £25,000, two from Hayle carrying machinery worth £17,000, and two from Gibraltar carrying brandy and other products worth £11,000.<sup>46</sup> The following year only two British ships called carrying 3,469 tons of manufactures worth £22,500, compared to fifty-six American ships which brought £240,680 worth of manufactures.<sup>47</sup> The export trade of this port was also in the American hands for in 1836 only five British ships left with a cargo valued at £1,240 compared to forty seven American ships that left with £587,340 worth of goods.<sup>48</sup>

British trade with this port did however increase after 1840, for the following year nineteen British men-of-war and Packets called with goods worth £66,735, and nine merchant ships brought £215,900 worth of manufactures.<sup>49</sup> American trade was reduced for only twenty four ships called with 2,572 tons of goods worth £49,025.8.2. The British seem to have also dominated the export trade of this port for they carried £1,125,197 worth of cargo compared to £119,840 carried by Americans.<sup>50</sup> By the end of June the the following year fourteen

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46 Parliamentary Papers, Vol. XLVII, 1837-1838, Table B, p. 396.

47 Parliamentary Papers, Vol. XLVII, 1837-1838, Table C, p. 397, British imports consisted mainly of brandy shipped from Gibraltar.

48 Parliamentary Papers, Vol. XLVII, 1837-1838, Table D, p. 397. Two British ships left this port; one to Liverpool and another to London carrying fustic worth £500 and £240 respectively. Three other British ships sailed ; one to Havana in ballast, and two to Campeche with one of them carrying specie worth £400.

49 Parliamentary Papers, Vol. XLIV, 1846, p.447. British exports to this port consisted entirely ofquicksilver for the Mexican mines.

50 Parliamentary Papers, Vol. XLIV, 1846, p. 447.



British men-of-war and packets, and eight British merchant ships had brought \$269,953 and \$310,000 respectively, worth of British goods.<sup>51</sup> During the same period their rivals, the Americans, only brought \$43,320 worth of goods. These British vessels left with \$2,852,365 worth of specie and Mexican exports compared with \$171,980 carried by Americans.<sup>52</sup>

In 1844 the Royal Mail Ships, the Forth, Dee, Tweed, Teviot, Thames, Medway, Severn, Trent, and Avon were employed in conveying quicksilver to this port. They brought a total cargo of £154,000, and carried away specie and other goods worth £930,700.<sup>53</sup> The following year nine British ships brought 923 tons of goods, quicksilver forming a major import, worth \$198,000. Eight of these ships left with 829 tons of cargo worth \$2,910. Fifteen American ships and fourteen French ships brought \$21,000 and \$84,000 worth of merchandize, respectively. The French ships left with a cargo worth \$25,000 which consisted mainly of specie, while the American ship left with a cargo which included specie worth \$24,000.<sup>54</sup>

51 "Foreign trade with Tampico from 1st January to 31st June, 1842", Parliamentary Papers, Vol. XLIV, 1846, p. 447.

52 Ibid

53 Parliamentary Papers, Mexico, 1846, Vol. XLIV, p. 450. This trade was between this port and Southampton in England.

54 Parliamentary Papers, Mexico, 1846, Vol. XLIV, p. 450. Fourteen French ships and fifteen American ships brought goods worth \$84,000 and \$21,000 respectively. They left with a cargo which included specie worth \$25,000 and \$24,000 respectively.

British trade during this period appears to have suffered from continual political disturbances and civil wars prevailing in Mexico, the French and American blockades, decrease in the wealth of the people, non payment by Mexico of her loans to foreigners, and from the unfortunate failure of the mining venture.<sup>55</sup> British trade with Mexico was however on the upward trend after 1835, and ten years later cotton manufactures exported to this country rose to £1,789,895, woollen manufactures, including yarn rose to £845,966, and silk manufactures to £41,145.<sup>56</sup>

British trade at San Blas in the 1850s appears to have been on the increase, for in 1856 direct importation from Britain rose by £98,200 from the previous year. In 1856, £175,000 worth of British goods were imported in English ships, and another £40,000 in foreign ships.<sup>57</sup> British goods amounted to nearly four-fifths of all the imports of this port, and consisted mainly of quicksilver and cotton manufactured goods.<sup>58</sup>

Exports from San Blas in British ships were too insignificant for they were mainly limited to cotton and woollen goods, locally known as "rebozos" and "zarapes", the manufactures of the state of Talisco, and rice, sugar, coffee, tobacco and maize.<sup>59</sup>

55 Parliamentary Papers, Vol. XLIV, 1846, p. 414. Mexico's cotton houses' revenue fell from \$12 million in 1832-1833 to nearly \$3 million in 1839, and rose slightly to \$7 million in 1841.

56 "Return to the trade with Mexico", Parliamentary Papers, Vol. XXXIX, 1842, p. 530, 532.

57 "Report by Mr. Barron, British Consul at San Blas, on the trade of that port, during the year 1855-1856, 20 March 1857", Parliamentary Papers, Vol. XXXVIII, 1856-1857, p. 664-665.

58 Ibid.

59 Ibid. British trade here was affected by the political instability of Mexico, a high tariff with over valuation of goods, restrictive regulations against foreign imports, and the prevailing fiscal laws.



There were hardly any exports at Guaymas in the mid 1850s because of a Civil War which produced a depression in all branches of commerce.<sup>60</sup> In Mazatlan trade was also more than usual depressed. The tendency was therefore to limit imports of British goods to articles of necessity rather than luxuries.<sup>61</sup> British trade further suffered from a concession made in 1857 by the Mexican Government in favour of goods introduced from Vera Cruz via Mexico City, free of the consumption duty of 20 per cent upon their arrival at Mazatlan.<sup>62</sup>

British goods forwarded from the West Coast markets of Durango and Guadalajara to other parts of the interior, therefore, found it difficult to compete with the duty free goods. Foreign merchants further suffered from unfair competition when a local merchant was permitted to discharge his cargo at the port of Altata, near Culiacan, thus helping him cut freight and transport costs.<sup>63</sup>

Mazatlán continued to benefit from the introduction of Foreign capital, but continued insecurity of foreign lines and property threatened the prosperity of the area. As a result of the prevailing civil war between the conservatives under Miramón and the liberals led by Benito Juárez, many inland towns were deserted in 1861 and left in

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60 "Report by British Vice Consul at Mazatlan, Mr. Thomas, on the trade of this port for the year 1857, January 1858", Parliamentary Papers, Vol. XXX, 1859, p. 409-410.

61 "Report on the trade of Mazatlan for the year 1855-1856" by Mr. Thomas, Vice Consul at Mazatlan, 31 December 1856, Parliamentary Papers, Vol. XVI, p. 496-499. Trade decreased as a result of the exhausted and impoverished condition of the country as a result of prolonged civil wars and political revolts.

62 "Report by British Vice Consul Thomas at Mazatlán on the trade of that port of the year 1857", January 1857, Parliamentary Papers, Vol. XXX 1859, p. 409-410.

63 "Report by British Vice Consul Thomas at Mazatlán on the trade of that port of the year 1857", Parliamentary Papers, Vol. XXX, 1859, p.409-410.

British and Foreign Trade with Mazatlan, 1853-1857.

Imports of Mazatlan

	1853		1854		1855		1856		1857	
	V	T	V	T	V	T	V	T	V	T
British	9	3,004	8	2,692	7	2,808	4	1,901	5	1,580
Foreign	26	7,540	31	10,788	25	8,809	22	9,763	40	13,024
TOTAL	35	10,544	39	13,750	32	11,664	26	11,664	45	14,604

Exports from Mazatlan

British	7	2,480	10	3,628	4	1,878	4	1,901	5	1,580
Foreign	21	3,760	34	13,206	29	9,241	24	10,072	34	12,289
TOTAL	28	6,840	44	16,834	33	11,119	28	11,973	39	13,869

V - Number of Vessels T - Total tonnage.

64 "Trade of Mazatlan for the year 1861, by Vice Consul Kelly, Mazatlan, December 1861, Parliamentary Papers, Vol. LXX, 1863, p. 235-237.



ruin as their male population were compelled to take up arms in support of one of the factions.<sup>65</sup>

The breakdown of law and order which followed a bitter civil war between the two factions, resulted in a check in commerce. Merchants were robbed, taxes on imports were inflated, inland states claimed the payment to them of the export duty on specie payable at the ports, and the coastal states collected consumption duties on goods destined for the inland markets, where the authorities again exacted them.<sup>66</sup>

However, despite these problems, Mexico's dependence on British manufactured goods suffered very little. It was British traders inside the country who seem to have been the victims of the prolonged political instability of Mexico.

The trade of Acapulco during this period was in foreign hands with ships from London, Panama and San Francisco.<sup>67</sup> At Matamoros in 1859 the trade was under the Americans, and only five cargoes came directly from Britain and Germany. The trade of Tampico continued to be in British hands, and in 1864, out of 201 vessels that unloaded at this port, 59 were British. They brought British manufactures weighing 4,546 tons. The increase in British shipping in 1864 was due to the transfer of most of the British trade with Mexico to this port to avoid the risk of capture by the American Confederate cruisers. British trade with this port therefore increased by £106,743 from that

65 "Trade of Mazatlán for the year 1861" Vice Consul Kelly, Mazatlan, December 1861, Parliamentary Papers, Vol. LXX, 1863, p. 235-237.

66 "Trade of Mazatlán for the year 1861" Vice Consul Kelly, Mazatlan, December 1861, Parliamentary Papers, Vol. LXX, 1863, p. 235-237.

67 "Report by Mr. Johnson, late British Consul at Acapulco, for the trade of the port, 1859", Parliamentary Papers, Vol. LVIII, 1862, p. 509.

of the previous year.<sup>68</sup>

Mexican exports from this port declined to £235,473, being a decrease of £653,346 of which the proportion for Britain being £568,914 and other countries £84,442.<sup>69</sup> This fall in Mexican exports was attributed to the state of anarchy and civil war followed by European intervention in Mexico. The country was thus torn by a serious strife between the conservatives aided by France, and the liberals led by deposed president Juárez who received the moral and material support from the United States.<sup>70</sup>

Political instability and the breakdown of law and order in the 1860s resulted in the withdrawal of the many British merchants from Mexico. Few British investors were concerned with Mexican enterprises after 1867, and the country was seldom mentioned in the London Financial Magazines as a field for profitable investment.<sup>71</sup>

Though political instability in Mexico affected British participation in the internal trade of Mexico, her dominance of the external trade seemed to be very little affected. British exports to Mexico were on the increase until 1867 when diplomatic relations between the two countries were suspended.<sup>72</sup> This trade was however on

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68 "Report by Mr. Consul Johnson on the trade of Tampico in the year 1864", Tampico, May 4, 1865, Parliamentary Papers, Vol. LXXII, 1866, p. 204-205. The value of goods imported at Tampico in 1864 amounted to £668,404, against £559,692 in the preceding year, which exhibited an increase of £108,728 of which £106,743 was in favour of Britain, and £1,969 of other countries.

69 "Report by Mr. Consul Johnson on the trade of Tampico in the year 1864", Tampico, May 4, 1865, Parliamentary Papers, Vol. LXXII, 1866, p. 204-205.

70 Jan Bazant, A concise History of Mexico from Hidalgo to Cardenas, 1805-1940 Cambridge University Press, New York, 1977, p. 91.

71 Alfred Tischendorf, Great Britain and Mexico in the Era of Porfirio Diaz, Duke University Press, Durham, 1961, p. 8.

72 "Report on the industry, trade and general statistics of the Mexican Empire" Mr. Middleton to Mr. Scarlett, Mexico, August 12, 1865, Parliamentary Papers, Vol. LXXII, 1866, p. 477.



the increase beginning 1870 when British exports rose to nearly £0.9 million, being an increase of nearly £0.3 million of the previous year. Mexican imports to Britain, however, fell drastically after 1866 from £3.2 million to £0.3 million the following year.<sup>73</sup>

#### PROBLEMS EXPERIENCED BY BRITISH TRADERS IN MEXICO

##### High Tariffs and Prohibitions

Though British manufactured goods dominated the Mexican market to the point of destroying local production, especially in cotton goods, British merchants complained of the protectionist attitude of the Mexican government.<sup>74</sup> They saw the imposition of high tariffs as a means of solving the chronic shortages of funds experienced by the Mexican National treasury, at the expense of foreigners.<sup>75</sup> It is true that the policy of the Mexican government was influenced by the chronic shortage of funds in the Mexican treasury, which led to a constant search for new sources of revenue. However there was also a desire to build up a Mexican industry under a protective system. Sometimes the two aims conflicted in which case the need for funds prevailed.<sup>76</sup>

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73 D.C.M. Platt, Latin America and the British Trade, Adam and Charles Black, London, 1972, p. 316.

74 F.O. 50/8 Green and Hartley to Joseph Planta, Bucklebury, 27 January 1824 and F.O. 50/2 Captain John Lawrance to Commadore Sir Edward Owens Port Royal, 7 August 1823, enclosed in the letters despatch No. 175 to Mr. Croker, August 1823. By 1824 local manufactures had fallen gradually into disuse, as Mexicans resorted to buying cheap imports. The cotton spinners at La Puebla, and other towns of the interior were compelled to turn their industry into some other channel as a result of the flooding of the Mexican market with cheap British imports. See H.G. Ward, Mexico, Henry Colburn, London, 1829, Vol. 1. p. 327.

75 Judith Blow Williams, British Commercial Policy and Trade Expansion, 1750-1850, Clarendon Press, Oxford, 1972, p. 273.

76 F.O. 50/53. R. Pakenham to Earl Aberdeen, Mexico, 31 January 1829; and F.O. 50/55. Richard Pakenham to Earl Aberdeen, Mexico, 16 November 1829. The Mexican nation was divided between those who wished to protect local artisan production and those who wished to distribute cheaper imports. Those involved in the artisan textile industry wanted to preserve the national market for their output, but the Mexico City merchants preferred to import British manufactured products.

The Mexican duties on exports and imports were 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.<sup>77</sup> The customs duty was fixed at 25 per cent on all kinds of goods from all countries, on a value fixed by the tariff, a value far exceeding the real one in almost every instance.<sup>78</sup> Besides the customs duty, an excise duty known as Alcabala was paid in the towns (except in the ports of entry) where the various articles were consumed.<sup>79</sup> These two duties were paid to the National Treasury. There were also certain municipal duties levied in the inland towns by the Ayuntamientos or Corporations, which seldom exceeded one and a half percent.<sup>80</sup>

Both the Alcabala and the municipal duties were abolished by the law of August 4, 1824, by which the revenues of the federation were classified; and in lieu of them, a duty of 15% on all goods forwarded from the ports to the interior was established under the name of Derecho de Internación.<sup>81</sup> A duty of 3 per cent known as derecho de consumo was granted to the various states on the articles consumed in their respective territories. Though this change raised

77 F.O. 50/17 No. 2 Eustace Barron to (George Canning) Tepic, 1 January 1825.

78 Duty was to be paid upon a value assigned to each separate article of the Tariff, calculated upon the prices that had existed during the monopoly of the Mother Country. Wines and Brandies paid a customs duty of 40 and 35 per cent respectively. See H.G. Ward, Mexico, Vol. 1, p. 341, F.O. 50/7 No. 14, Charles MacKenzie to George Canning, Jalapa, 24 July 1824, and F.O. 50/20 H.G. Ward to Canning, Mexico, 15 April 1826.

79 This duty was divided into two: Alcavala permanente, and Alcavala eventual, each of which was 6 percent. The average amount was normally 12 percent for the two duties, but that of wines and brandies was 35 and 40 percent respectively.

80 H.G. Ward, Mexico, Vol. 1, p. 327. In Jalapa it was 1 per cent and elsewhere it seldom exceeded  $\frac{1}{2}$  per cent.

81 H.G. Ward, Mexico, p. 341-342. The international duty was paid upon the same valuation as the customs duty, and to the same customs officers. This duty was not paid upon goods consumed at the coast.



the duties payable on foreign imports from  $38\frac{1}{2}$  to 43 per cent,<sup>82</sup> it was nevertheless, an advantage to the merchants "as nothing could be so great an obstacle to the progress of Trade as the constant recurrence of the Alcabala, of which, though levied at certain fixed regulations, there was no established scale of value."<sup>83</sup>

In 1826 a new tariff was proposed in the Mexican General Congress to change an 'Internación' duty on  $18\frac{1}{2}$  per cent upon all goods then in deposit at the coast.<sup>84</sup> British merchants with large stocks at the coast protested to H.G. Ward against this measure, arguing that if the tax was implemented, their goods would not be able to compete fairly with other goods already in the country.<sup>85</sup> Ward protested to the Mexican Secretary for Foreign Affairs, Juan José Espinosa, threatening that if the proposals were implemented, the British government would regard the imposition of the tax as "a seizure and confiscation of British property."<sup>86</sup>

82 The 38 per cent duties consisted of: 25% Customs, 12% Alcavalas and  $1\frac{1}{2}$ % Municipal dues; and the 43% consisted of Customs 25%, Internación duty 15%, and 3% Derecho de consumo. As a result of the value of imports not being fixed upon sworn ad valorem invoices but on monopoly prices, duties on the invoice value amounted between 100 and 150% for goods valued at five or six times their real value.

83 M.G. Ward to Canning, Mexico, 26 February 1826.

84 F.O. 50/20 No. 7 H.G. Ward to George Canning, Mexico, 13 February 1826. Article 8 of this tariff reserved the right to impose additional duties upon goods imported within a space of one year from the day of its publication; Article 12 prohibited foreign vessels from carrying on the coastal trade; and Article 15 provided that a reduction of 4% should be made in favour of all nationalised or national vessels which import goods directly from any foreign ports. British merchants opposed these moves as they affected their commercial interests.

85 F.O. 50/20 H.G. Ward to George Canning, Mexico, 26 February 1826. H.G. Ward claims that 'it was not the amount of the duties that foreign merchants complained so much as the absurd scale of valuations, upon which these duties were paid. See H.G. Ward, Mexico, Vol. 1, p. 344. In 1824 the rate was as high as 200% on the invoice value. See F.O. 50/17 No. 2 E. Barron to (Canning) Tepic, 1 January 1825.

86 F.O. 50/32, Enclosure in No. 52. H.G. Ward to Don J.J. Espinosa, Mexico 19 March, 1827.

In 1827 a decree of 16 March fixed the valuation of 'Aforos' or plain cotton goods at 2 and 3 real per vara, until some definite arrangement was made with regards to these products.<sup>87</sup> H.G. Wards protested to Juan José Espinosa against this measure claiming that it amounted to almost a prohibition. He foremost protested against the right of the Mexican government to take such an important decision without giving sufficient notice of its intentions to foreign merchants who were bound to suffer from such an increase. He argued that if this increase was allowed it would further increase smuggling as tariffs were already too high.<sup>88</sup> He protested against an act which he claimed in Europe would have been regarded as a direct violation of public faith. He warned that such a tariff would prove more injurious to the credit of Mexico than to the interests of the foreign merchants engaged in the trade with Mexico. He pointed out that Mexico should have at least given the merchants sixty or seventy days after the publication and implementation of the tariff, as a period of grace.<sup>89</sup>

In October that year the Mexican legislature proposed to merge both the 'internación' duty and the importation duty into one, and to make no distinction between goods consumed at the coast and those sent inland. However, the new rate was to be lower than the combination of the two duties. It further proposed to levy the

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87 F.O. 50/32 Enclosure in No. 52, H.G. Ward to Don J.J. Espinosa, Mexico, 19 March 1827. These cotton goods were known in Manchester by the name of "Long Cloths".

88 H.G. Ward, Mexico, Vol. 1, p. 344-5, and F.O. 50/32 Enclosure No. 52 H.G. Ward to Don Juan José Espinosa, Mexico, 19 March 1827.

89 F.O. 50/32 Enclosure No. 52 H.G. Ward to Don J.J. Espinosa, Mexico, 19 March, 1827.



the internacion duty indiscriminately to all imported goods shipped into the country before the implementation of the new tariff.<sup>90</sup>

When port authorities proposed to change the internación duty on goods imported for consumption at the coast, Richard Pakenham, the British Minister who succeeded H.G. Ward, protested.<sup>91</sup> British merchants complained to their minister against this measure which they regarded as "illegal, unjust and most injurious in the consequences" to their interests.<sup>92</sup> However J. Espinosa the acting Secretary for Finance, verbally assured Pakenham that it was not the intention of the Mexican government to charge this duty.<sup>93</sup> Port authorities at Vera Cruz were therefore instructed to stop charging the duty on goods meant for consumption at the coast.

By the degree of 21 February 1828 the Mexican government agreed to modify the Article of the new tariff concerning the "internación" duty. The duty of "internación" was reduced to 10 per cent upon the valuation of which the importation duty was estimated, provided it

90 F.O. 50/35 No. 70 Pakenham to Earl Dudley, Mexico, 11 October 1827. Article 19 of this Tariff provided all goods imported previously to the operation of the new tariff were to be liable to the payment of the inland tariff (Derecho de internación) as exacted under the tariff then in force.

91 F.O. 50/42 No. 14 Richard Pakenham to Earl Dudley, Mexico, 25 January 1825, plus Enclosure No. 3 Richard Pakenham to Don J.J. Espinosa, Mexico, 19 January 1828. The imposition of this tariff would have been very detrimental to the British merchants as their goods would not have been able to compete with those imported under the new tariff. Pakenham demonstrated against the practice attempted to be introduced by the customs authorities at Vera Cruz, of establishing an inquisitorial examination of the property and concerns of the British merchants, by obliging them to give inventories upon oath of their stocks of goods.

92 F.O. 50/42 No. 14 Enclosures- Vera Cruz merchants to R. Pakenham, Vera Cruz, 16 January 1818. British merchants were angry because it had been understood that at the worst the internacion duty was only to be levied upon goods sent inland.

93 F.O. 50/42 No. 14 Enclosure, Richard Pakenham to British merchants at Vera Cruz, Mexico, 19 January 1828.

was paid within ninety days from the day the tariff came into force.<sup>94</sup> Goods then in deposit at the ports were to be exempted from the average duty called "derecho de avería", and where merchants had already paid it, the sum was to be placed to their credit as part of the internación duty.

This modification of Article 20 of the new tariff was a big advantage to the British merchants with large stocks then in deposit at the ports. It placed the goods upon the same footing with others imported subsequent to the implementation of the new tariff, which paid a lower rate of duty.<sup>95</sup> There were however further protests against Article 22 of the new tariff which stipulated that goods imported into Mexico for the purpose of exportation were to pay the same duties as those imported for consumption in the country.<sup>96</sup>

Pakenham threatened the Mexican Secretary for Foreign Affairs, Juan de Dios Cañedo, that the British government would regard such a measure as "a seizure and confiscation of British property, and as entitling the owners to an indemnity for the loss which they might sustain from (this) measure".<sup>97</sup> Cañedo therefore bore down to Pakenham's pressure and applied to the Mexican Congress for permission to exempt merchandise shipped from Mexico before information

94 F.O. 50/42 No. 22 Richard Pakenham to Earl Dudley, Mexico, 10 March 1828, and the Decree of General Congress (Enclosure 10).

95 This change would have been more useful to British merchants had it been adopted earlier as considerable stocks had been cleared and sent inland, under the impression that the Mexican government would not accede to no measure of this kind. However it was of great advantage to those with heavy stocks of goods, especially at Vera Cruz and Tampico.

96 F.O. 50/43 No. 72, Richard Pakenham to Earl Dudley, Mexico, 28 May 1828.

97 F.O. 50/43 No. 72, Richard Pakenham to Earl Dudley, Mexico, 28 May 1828.



of the provisions of the new tariff had reached Europe.<sup>98</sup>

In October 1830 foreigners were prohibited from indulging in coastal trade, and foreign vessels were prohibited to offload imports in more than one port.<sup>99</sup> British merchants protested against this measure which was injurious to their trade as they regarded the measure as a restriction of the extension of commercial transactions between Britain and Mexico. The latter however refused to repeat this law arguing that the Spanish version of the Commercial treaty between the two countries reserved to her the right of coastal trade and as well as that of delivering imports to more than one port.<sup>100</sup> Since this argument was right, Britain could do nothing but invite Mexican officials to London for the purpose of establishing a clear and positive understanding with regard to these two points.<sup>101.</sup>

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98 The Mexican government agreed to exempt all merchandise which had been shipped previously to the date the new tariff came into effect. Juan de Dios Cañedo also applied to the Mexican Congress for authority to grant a similar exemption in favour of merchandise supplied from Mexico before the provisions of this tariff had reached Europe. This latter measure was not necessary for British merchants for the tariff was generally circulated in Britain before the date the tariff came into effect.

99 F.O. 50/61 No. 75 Richard Pakenham to Earl Aberdeen, Mexico, 5 October 1830 (plus Pakenham to Lucas Alamán, Mexico, 25 August 1830). This measure created a lot of inconvenience for ships carrying cargoes consigned to different ports were forced to discharge the whole at the first port which they entered, and to procure, at enormous expense, Mexican small crafts to convey the goods intended for other ports, or to send them overland, which in most cases, from the total want of roads, and the greatness of the distance, was impracticable.

100 F.O. 50/61 No. 75 Richard Pakenham to Earl Aberdeen, Mexico, 5 October, 1830 (plus Pakenham to Lucas Alamán, Mexico, 25 August 1830).

101 F.O. 50/61 No. 75 Richard Pakenham to Earl Aberdeen, Mexico, 5 October, 1830 (plus Pakenham to Lucas Alamán, Mexico, 25 August 1830). The British government did not dispute the right of the Mexican government to act upon the Spanish version of the treaty, but it nevertheless considered itself entitled to claim from the liberality and justice of the Mexican government the repeal of a restriction equally inconsistent with the spirit of the Treaty between the two countries, and with the principles of reciprocity upon which it was founded.

As a result of a protectionist tariff of September 1837 no more cheap cotton goods and yarns could be imported into Mexico. A new duty called 'transit duty' was imposed on cotton goods in general.<sup>102</sup> The British Board of Trade reacted angrily against this measure. It described the Mexican Commercial Code as being:

So oppressive in all respects that it can have no other object but the spoliation of the traders for the benefit of the customs houses officers, and, in fact, if enforced, must put an end of the trade altogether.<sup>103</sup>

It therefore called for a strong protest against a system which it regarded as unworthy of a civilized country.

When a project was proposed to exclude all kinds of cottons except those which could not be made in Mexico, Richard Pakenham resorted to threats. He informed the Mexican government that:

England as a manufacturing and commercial nation is bound to look to her own interests; and therefore to cultivate friendly relations with those countries which are disposed to act towards her with corresponding liberty and friendship.<sup>104</sup>

102 Board of Trade 1/339 Richard Pakenham to Palmerston, Mexico, 13 January 1838. The government under the direction of Lucas Alaman established in the 1830s through a national development bank a series of cotton textile spinning and weaving mills to absorb thousands of artisan textile workers faced with chronic unemployment a result of large textile imports. The success was however moderate for the level of mass income could not absorb the high unit costs of in industry sheltered by a prohibitive tariff structure. See Stein and Stein, The Colonial Heritage of Latin America, p. 140.

103 Board of Trade 3/27 p. 559-62, 563-4, 621-2, quoted in J.B. Williams, British Commercial Policy and Trade Expansion, 1750-1850, Clarendon Press, Oxford, 1972, p. 275.

104 F.O. 50/124 Richard Pakenham, Memorandum, 18 April 1839; Richard Pakenham to Palmerston, Mexico, 11 May 1839; and F.O. 50/144 Richard Pakenham to Palmerston. Pakenham threatened the Mexican Government that if this bill was enacted Britain would likely recognise the independence of Texas, thus repaying herself for the loss of the Mexican market. He also threatened to put pressure on Mexico to repay all British loans. Mexico bowed to this pressure and abandoned the project.



Pakenham continued to make frequent protests against what he regarded as illegal impositions. He managed to secure the support of the Prussian, French, and Spanish ministers, and was thus able to force the Mexican government to temporarily stop increasing import duties.<sup>105</sup> As a result of his pressure the tariff of 1842 reduced duties on the main British imports. However a presidential decree which followed soon imposed almost prohibitive duties on cotton manufactures brought in British ships. Pakenham was however able to win a delay of six months before the tariff came into effect.<sup>106</sup>

A year later another decree, enforced at short notice, increased duties on imports by about 20 per cent, and also prohibited the importation of many articles.<sup>107</sup> A new tariff later in the year raised duties further, and in the case of some cottons it amounted to prohibition.<sup>108</sup> Another tariff which came into effect on February 1, 1846, was regarded by the British merchants as less harmful to their interests for it did not affect their imports.<sup>109</sup>

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105 F.O. 50/144 R. Pakenham to Palmerston, Mexico, 26 April 1841; F.O. 50/145 R. Pakenham to Palmerston, Mexico, 10 June 1841; and F.O. 50/153 Pakenham to Aberdeen, Mexico, 6 January 1842. Mexico made a few valuable changes which gave foreigners a general satisfaction. These included the constitution of special tribunals of commerce, and permission was given to foreigners to own houses and lands.

106 F.O. 50/155 Pakenham to Aberdeen, Mexico, 25 December 1842. The object of this decree was to rescue Mexican manufacturers who were nearly bankrupt. This delay which Pakenham sought was aimed at defeating this particular object by allowing British merchants to import a considerable amount of their goods.

107 F.O. 50/163 Percy Doyle to Aberdeen, Mexico, 29 August 1843, and F.O. 50/165 Percy Doyle to Aberdeen, Mexico, 30 October, 1843.

108 F.O. 50/178 Glass to Aberdeen, Tampico, 29 January 1844. A Décret of September 23, 1843 by General Santa Anna prohibited foreigners from carrying on retail trade. Foreigners married to Mexicans or those naturalised were however exempted, and those who hired local apprentices, or journeymen were allowed to have workshops and to retail their products.

109 F.O. 50/178 Drusina to Bankhead, Mexico, 25 October 1845, and Bankhead to Aberdeen, Mexico, 30 October 1845.

However, the outbreak of hostilities between Mexico and the United States in 1846 over the annexation of Texas, and the American encroachment on her southern neighbour's frontier provinces, badly affected British trade. The defeat of Mexico resulted in the occupation of her territory and the blockading of her ports by the United States forces.<sup>110</sup>

The unsettled State of Mexico after 1850, a high tariff system with its restrictive regulations, and the prevailing repressive fiscal laws combined to check every tendency in the expansion of the British trade with Mexico. Duties ranged between 100 and 125 percent on printed fabrics, muslins, calicos and cottons, the main British exports to Mexico.<sup>111</sup> In addition, British merchants in Mexico were faced with enormous transportation charges and high internal duties. In 1853 the government of General Santa Anna adopted tough measures against foreign trade. The law of January 31 prohibited the importation of foreign goods from one Mexican port to another, even under the Mexican colours.<sup>112</sup> This tariff known as Tariff Ordenanza not only created high duties,

110 Alfred Redford, Manchester Merchants and Foreign Trade 1794-1858, Vol. I, Manchester University Press, 1934, p. 105. These hostilities which lasted from 1846 to 1848 caused serious losses to British traders and also to British investors who had invested in the Mexican stock.

111 R.E. Chapman, British Relations with Mexico, 1859-1860, B.Litt, 1936, Oxford University, p. 41; and Parliamentary Papers, Vol. LV 1856, 'Abstract of Report of the Trade of San Blas and Mazatlan by Mr. Thomas' 31 December 1856, p. 677-678.

112 Parliamentary Papers, Vol. LV, 1856, op.cit. This law was designed to remedy certain abuses practised by the port authorities, especially at Guaymas. This consisted of granting facilities to merchants to import cargoes of manufactures at reduced duties and then ship them to other Mexican ports where they would have paid normal duties which were very high.



but contrary to international regulations, it was imposed on the day of its publication without prior notice to foreign merchants. British officials in Mexico protested against this move that the Mexican government agreed to allow ships that had already sailed from one Mexican port to another.<sup>113</sup>

In 1861 George B. Mathew, the British Charge d'Affaires complained that the Mexican tariff system imposed unfair duties on cotton and woollen goods, the main British imports "with the erroneous object of protecting a few local manufacturers whose hands would be more remuneratively employed in mines or agriculture."<sup>114</sup> The result was smuggling in these articles and a reduction of duties of the caprice of local authorities to tempt the entry and unloading of vessels, and this thus affected the revenues of the federal government. The British Charge d'Affaires therefore urged the Mexican government to reform its tariff system, and this resulted in the appointment of a Committee to study the problem.<sup>115</sup>

#### Forced Loans and Tax on Capital

Several Mexican administrators resorted to forced loans to solve the problem of the need for funds to run their governments. Foreigners were often the victims of forced contribution, for they controlled the commerce of Mexico. A Decree of October 6, 1832 imposed forced contributions on all merchants residing within the federal

<sup>113</sup> Parliamentary Papers, Vol. LV, 1856, op. cit.

<sup>114</sup> F.O. 50/352 No. 33, George B. Mathew to Lord Russell, Mexico, 29 April 1861

<sup>115</sup> F.O. 50/352, No. 33, enclosure, Mathew to Francisco Zarco, 23 March 1861 and Francisco Zarco to Mathew, National Palace, 30 March 1861.

district of Mexico. The federal government under President (ad interim) Melchor Músqiz proposed to raise and equip a force of local militia to be composed of native and foreign businessmen. Those who chose to abstain were given the option of 'contributing' a sufficient sum to cover the expense of a substitute.<sup>116</sup>

On 8 November another 'loan' of equal amount was imposed on the merchants.<sup>117</sup> When Pakenham protested to the Mexican Secretary for Foreign Affairs, Señor Fagoaga, the latter replied that the Department of Finance did not think that it had exceeded the limit stipulated by the treaty of amity, friendship and commerce between the two countries.<sup>118</sup>

In 1836 British and other foreign houses were ordered to pay another forced loan.<sup>119</sup> Pakenham again intervened, but because of

116 F.O. 50/73 No. 66. Richard Pakenham to Viscount Palmerston, Mexico, 11 October 1832. On 8 October the following merchants were required to deliver into the General Treasury the following sums: Manning and Marshall; Drusina and Martínez; Tayleur, Bates and Co; and McCalmonte, Geaves and Co. \$2000 each; Cross, Dick and Co., and J.P. Penny and Co. \$1,500 each; Dickson, Gordon and Co., \$750; Holdhorth, Fletcher and Co; and Stanley, George Black and Co., and Thomas Phillips \$500 each; Daniel O'Ryan and Co. \$350; and H.D. Watkins \$250. These British merchants paid a total sum of \$3,850.

117 F.O. 50/73 British merchants to Charles O'Gorman, Mexico, November 23, 1823. These merchants complained of the hardships they were facing with the problems created by the civil war which prevailed for the last nine months. Though they had paid huge sums of money as duties on imports, their goods were locked up at Vera Cruz which was under the opposition forces then in rebellion. This created a lot of hardships and on top of this the federal government was now asking them to make forced contributions.

118 F.O. 50/73 J. Fagoaga to R. Pakenham, Palace of the Federal Government, Mexico, 10 December 1832. It was his argument that contributions were levied indiscriminately on all merchants, local and foreign, with all possible equity.

119 F.O. 50/100 No. 62 R. Pakenham to Viscount Palmerston, Mexico, 6 September 1836.



a lack of proper instruction from the British Foreign Office, he was only able to secure exemptions for a few merchants<sup>120</sup> and reductions to others.<sup>121</sup> Those who resisted paying had their goods seized and sold to realise the amount. Pakenham informed Señor José María Ortiz Monasterio that the least satisfaction that his government would require would be that proper evidence be adduced of the contributions having been generally and impartially levied throughout the country. He suggested that a list be prepared and published specifying the names of all persons who had been obliged to pay, and the sums severally contributed by them. Pakenham informed Palmerston that should the Mexican government fail to carry on this proposal, or the lists published exhibit proof of the contributions not having been levied with proper impartiality, then there would be sufficient grounds to resist further payments.<sup>122</sup> Forced contributions continued to be levied throughout the period under study, as already discussed in the chapter on British claims on Mexico.

Taxes on capital were also another form of forced contributions that foreign merchants experienced. As already discussed in a previous chapter, it was exacted on May 15, 1858, February 7, July 16

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120 The following merchants were exempted - Manning and Marshall; McCalmont, Geaves and Co; Tayleur and Co; Cross, Dick and Co; and Drusina and Martinez.

121 The following merchants had their 'contributions' cut: Black and Co; Holdsowrth, Fletch and Co; Byrns, Horton and co; Dickson, Gordon and Co; Campbell Ryan and Co; Phillips and Earle; and Montoth and Co had their contributions reduced from \$1000 to \$250; Mr. G. Tobias, and Mrs. Calder and Co. from \$500 to \$250; Mr. G. Linslie, Mr. Andrew Lyall, and Mr. C. Taggart reduced from \$500 to \$100; and Mr. John DeMicchio from \$1000 to \$100.

122 F.O.50/100 No. 71 R.Pakenham to Palmerston, Mexico, 27 September 1836. In 1839 the Mexican Secretary for foreign affairs, M.de Gorostiza promised Pakenham that in future no forced loans would be levied. See F.O. 50/123 No. 13, Pakenham to Palmerston, Mexico, 23 February 1839.

and November 17, 1859, May 23, 1860, August 22 and December 16, 1861, and in November 1862.<sup>123</sup>

### Lack of Conductas

British merchants also complained of the lack of conductas to remit their money to the ports for shipment to Britain. They requested several British ministers to protest against lack of these armed escorts which the Mexican government had promised to provide regularly. Furthermore the merchants were afraid to put their money on the road as conductas were often robbed by robbers and by the different factions during revolts and civil wars.<sup>124</sup>

British merchants also suffered from the effects of political instability, prolonged civil wars, blockades of the Mexican ports by the French in 1839, and the Americans in 1846-48, and European

123 R.B. Chapman, British Relations with Mexico, 1859-1862, B.Litt, Oxford, 1936, p. 63-69. This was always a super grievance. It amounted to 1% on capital. George B. Mathew protested against these taxes imposed by Miramón without the authority of any legislative or executive body. The last two taxes were imposed by President Juárez. That of August 22 was to be paid on all capital over \$2000. That of December 16 amounted to 25% on all payments made into the National Treasury. Another tax on capital was imposed in the same month amounting to 2% on capital over \$500. This was really a tax of 2½% decreed on December 16, 1861. Sir Charles L. Wyke, the British minister, thought that these were war taxes which were legal but harsh. The last decree in 1862 was 1% tax on capital, a war tax against the French; British merchants in Britain protested to the Foreign Office against these taxes arguing that it was levied to maintain "intestine warfare", which in itself was injurious to British residents, and that these taxes infringed the treaty signed between the two countries. The Manchester merchants claimed that as the local merchants had various means of evading these taxes, the burden fell on foreign merchants. They suggested the dispatch of warships to Mexican ports to protest British interests. Lord Malmesbury refused to act. See Arthur Redford, Manchester Merchants and Foreign Trade, 1850-1939, Vol.II, p. 91-92.

124 F.O.50/4 Enclosure in No. 15 Charles T.O'Gorman to Don Francisco de Arrillaga, the Minister of Finance, Mexico, 28 February 1824; F.O.50/36, No.76 Richard Pakenham to Dudley, Mexico, November 1827; plus enclosures (British Merchants to Pakenham, Mexico, 15 October 1827 and Pakenham to J.J.Espinosa, Mexico, 25 October 1827).



intervention in 1862. Political events that followed after European intervention also affected the internal trade of Mexico that because of insecurity a majority of British merchants were forced to abandon their business.<sup>125</sup>

British merchants, manufacturers, bankers and shippers enjoyed a dominant position in the commerce of Mexico in the 19th Century. Their textiles and hardware undersold those of their competitors; they extended credits to local merchants at half the interest rate of their competitors; and their shippers supplied more than 50 per cent of the volume of imports. Despite high protective tariffs, "massive imports of British manufactures simply crushed local industry based upon primitive technology."<sup>126</sup> Thus Mexico came to rely upon British imports of iron and steel equipment, hardware and especially cotton, woollen and linen goods, and most of all upon British investments.

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125 These points have already been discussed in previous chapters.

126 Industrialisation was also hampered by lack of indigenous capital and by the absence of banking institutions and capital markets. See Stanley J. Stein and Barbara H. Stein, The Colonial Heritage of Latin America, Oxford University Press, New York, 1970, Chapter V, especially page 134.

CHAPTER IX: MEXICO, BRITAIN AND THE LONDON BONDHOLDERS, 1823-1858.

The destruction that followed the eleven years of Mexico's wars of Independence, and the administrative inexperience of some of the officials who came to power, led to the collapse of a system of administration that annually produced a revenue of between 16 and 18 million dollars.<sup>1</sup> While independent Mexico abolished government monopolies, tribute, excessive taxes, foreign trade monopoly of the ports of Vera Cruz and Tampico, and duties on lances paid in lieu of military services, etc. it failed to introduce new and effective ways of raising revenues. As a result the State revenues fell drastically in 1822 to 9 million dollars, while government expenditures amounted to nearly 12 million dollars.<sup>2</sup>

Instead of the Mexican government applying economies in its expenditures it created numberless offices and pensions. It had also the burden of paying the huge army that fought for independence. By 1823 the administration was in complete disorder with revenues exhausted, and forced loans carried to their utmost extent.<sup>3</sup> Credit was destroyed

1. Manuel Payno, Mexico and Her Financial Questions with England, Spain and France. Report by Order of the Supreme Constitutional Government of the Mexican Republic, printed by Ignacio Cumplido, Mexico, 1862, p.1.
2. Manuel Payno, Mexico and her Financial Questions with England, Spain and France. Report by Order of the Supreme Constitutional Government of the Mexican Republic, printed by Ignacio Cumplido, Mexico, 1862, p.2.
3. "The precis of the actual State of the revenues of the Mexican Republic and the progress from 1824 to 1826", Mexico, 1827. Report by Mexico's Secretary of Finance, José Ygnacio Esteva dated 10th January, 1827, enclosed in F.O. 50/31A. No.25.



by the fatal seizure of the Conducta, by the Iturbide's government and by the issue of paper money, which only obtained a partial currency at a loss of two thirds of its normal value. Furthermore, the flight of Spanish 'capitalists' with their capital which followed this destruction of confidence and tranquility, left Mexico without resources, and even without hopes of a remedy.<sup>4</sup>

Instead of Mexico looking inwardly for new ways of raising revenues, it opted out for what was believed to be an easy measure, that of raising loans abroad. Leading Mexican officials entertained the idea that once their country became a debtor to Britain, then the latter would take an interest in their independence. In this way, Mexico hoped for both financial assistance and security from Britain. They believed that once they had secured a loan from that country, then Britain would act as a guarantor of their independence against possible European aggression on behalf of Spain.<sup>5</sup> Like the rest of the Spanish American States<sup>Mexico</sup> thus solicited loans in London instead of forming an

4. "The precis of the actual state of the revenues of the Mexican Republic and the progress from 1824 to 1826," Mexico, 1827. Report by Mexico's Secretary of Finance, dated 10th January, 1827, enclosed in F.O.50/31A, No.25.

5. Manuel Payno, Mexico and Her Financial Questions with England, Spain and France. Report by order of the Supreme Constitutional Government of the Mexican Republic, printed by Ignacio Cumplido, Mexico, 1862, p.2; Dictamen de la Comisión de Crédito Público de la Cámara de Diputados, Sobre el arreglo de la deuda inglesa, Mexico, 1850, p.2. J.F. Rippey, "Latin America and the British Investment 'boom' of the 1820's" Journal of Modern History, Vol.XIX, 1947, p.123-124, writes "Since Great Britain was the only Centre in the world with large surplus capital, it was natural that the governments of the new Latin American nations should float their first bond issues in the British market. Mexico the largest borrower floated an aggregate of £7 million including £600,000 for the municipality of Guadalajara."

administrative system capable of procuring enough resources to meet the demands of its national treasury.

The idea of obtaining loans from Britain appear to have come from a Mexican businessman, Francisco de Borja Migoni. He persuaded General Iturbide that the problems faced by the Mexican treasury could easily be solved by borrowing money from Britain. Migoni maintained that if a loan were obtained from Britain the British government would acquire a substantial interest in the maintainance of Mexico's independance. He further argued that:

The English Government protects the interests of its people, and if the English people have funds in Mexico, I ask you: Will not Mexico be given some slight consideration by that government? The reconquest of Venezuela by the Peninsula would be displeasing to England today because of the £2,000,000 which she would lose thereby.<sup>6</sup>

The government of General Iturbide thus authorized by the decree of June 25, 1822 the raising in London of a loan of £25 million. As security for repayment the government was authorized by Congress to hypothecate the generality of the national revenue (i.e. mortgage)

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6. Edgar Turlington, Mexico and Her Foreign Creditors, Columbia University press, New York, 1930, p.21-22. Francisco de Borja Migoni was a Mexican merchant who had resided for many years in London. On March 26, 1822 he wrote to General Iturbide declaring that the necessities of the Mexican treasury could readily be met by means of a loan which he was willing to raise in England.



existing or to be established.<sup>7</sup>

In the meantime it contracted a loan of 10 million press at 10 per cent interest with James Diego Barry, a British business adventurer in Mexico. Barry was prepared to raise the loan on condition that the Government advanced to him a considerable sum of money against bills exchanged to the amount of 1 million pesos. These bills were to be drawn by him upon a suppositious London House of Thomas Morton Jones.<sup>8</sup> Two firms at Vera Cruz were induced to guarantee the bills which were to be placed into circulation after twenty days from the date of the contract.

Mexico soon found out that the Englishman had no financial standing, and that his only asset was the hope of finding in London means of fulfilling his contract. Barry's drafts were rejected in London, and this placed the government of Mexico in a very embarrassing position.<sup>9</sup>

A new decree on 1 May 1823 abolished the previous decree of the now deposed General Iturbide. The new decree proposed the raising of a new loan in London by Francisco de Borja Magoni. The Mexican Congress,

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7. Legislacion. Mexicana, Vol.1,p.611.

8. Edgar Turlington, Mexico and Her Foreign Creditors, Columbia University press, New York, 1930, p.22; Lucas Alamán, Liquidación general de la deuda contraída por la Republica en el exterior con una historia de los contratos de que procede por comision de Emco. Sr. ministro de Hacienda, por cuya orden se publica, Mexico, 1845,p.3-4.

9. Report of the Committee of Public Credit of the Mexican Chamber of Deputies on the Adjustment of the English Debt, April 1st, 1850,p.5. in F.O. 97/273.

authorized the raising of an 8 million pesos loan, stating that preference be given to the foreign house which agrees to be repaid in Mexico and to help the treasury quickly.<sup>10</sup>

A loan was proposed by Don Bartoleme' Vigors Richards in the name of the House of Barclay, Herring and Company of London, on account of which he advanced \$500,000. Unfortunately, the loan failed to materialise.<sup>11</sup> Another loan was advanced by Robert Staples who in money, credit and tobacco, furnished the government with \$1,263,701.<sup>12</sup>

Meanwhile in London Migoni visited a number of leading London financial houses such as Nathan M. Rothschild, Baring Brothers, and Reed, Irving and Company, but none displayed any enthusiasm. Finally in October 1823, the House of B.A. Goldschmidt agreed to give Mexico a loan, but it was not until January 12, 1824 that a provisional agreement was signed. Migoni issued in the London market 16,000 bonds of £100 and £150 for the total value of £3,200,00 which at five dollars amounted to 16,000,000 dollars. The house of Goldschmidt and Company bought this paper at 50 per cent, which consequently produced 8 million dollars.

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10. Edgar Turlington, *Mexico and Her Foreign Creditors*, Columbia University Press, New York, 1930, p.26.
  11. "Memorial of the Minister of Finance to the Congress of Mexico, 4th January, 1825," British and Foreign State Papers, Vol.12(1824-25)p.969
  12. "Memorial of the Minister of Finance to the Congress of Mexico, 4th January 1825," in British and Foreign State Papers, Vol.12 (1824-1825), p.969. See Chapter II for details of this loan.



Mexico lost in this negotiation 8 million dollars.<sup>13</sup> These bonds bore an interest of 5 per cent per annum.

This loan of £3,200,000, though bought out at 58 per cent, was disposed of at 50 per cent. The firm reserved for itself a commission, payments for interest and other expenses to the amount of £49,936. Mexico received only £1,180,064, in return for having pledged her credit for £3,200,000, bearing interest at five per cent.<sup>14</sup> Although Mexico received just over a million pounds, she was forced to pay interest at the rate of five per cent on over £3 million. This actually forced the rate of interest to fifteen per cent.<sup>15</sup>

The House of Goldschmidt promised to pay Mexico the sum agreed within fifteen months, at the rate of £6,000,000 per annum. For the repayment of the loan all the revenues in general of Mexico were mortgaged,

13. Manual Payno, Mexico and Her Financial Questions with England, Spain and France. Report by Order of the Supreme Constitutional Government of the Mexican Republic, printed by Ignacio Complido, Mexico, p.5.

14. The Mexican government disposed of the net proceeds of the loan by drawing bills of exchange on London and by receiving the remainder in silver bars and doubleloans. The omission of the sixteen millions in bonds produced to the government in hard cash £1,139,000 or \$ 5,698,300.

15. C. Allen True, "British loans to the Mexican Government 1822-1832", SouthWestern Social Science Quarterly, Vol.17, 1936-37, p.355; "The precis of the actual state of the Revenue of the Mexican Republic, and the progress from 1824 to 1826, Mexico 1827. Report by Mexico's Secretary of Finance dated 10th January 1827, enclosed in F.O. 50/31A No.25; Henry George Ward, Mexico, Vol 1, London, 1829, p.291.

and in particular a special contribution (which eventually was not established), the produce of which might reach the sum of \$600,000 annually, thus being the amount of interest, payable half-yearly.<sup>16</sup>

This contract, which contained a multitude of conditions, was approved by the Mexican Supreme Executive power; in a decree of 14 May, 1824; mortgaging for the payment of the interest, and the amortization of the loan, one third part of the products of the maritime custom houses in the Gulf of Mexico, in consequence of the special contribution not taking effect.<sup>17</sup> The one-third part of the duties to be collected on the Gulf of Mexico was to begin from April 1, 1824. The government of Mexico also agreed that in case of contracting further loans, contrary to the stipulation that it refrains from contracting further loans for a period of one year beginning from February, 1824, it was to pay one fourth of the proceeds of any new loan to be applied to the redemption of the Goldschmidt loan bonds.<sup>18</sup>

The money from this first loan was used to assist the development of formerly neglected Californians; to the outfit of legations, the

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16. Manuel Payno, Mexico and Her Financial Questions with England, Spain and France. Report by Order of the Supreme Constitutional Government of the Mexican Republic, Ignacio Complido, Mexico 1862, p.5. This special contribution was to be raised by assigning one-third of the duties to be collected in the customs-houses on the Gulf of Mexico after April 1, 1825, to this House. See Edgar Turlington, Mexico and Her Foreign Creditors, p.36

17. Ibid.

18. 'Report of the Minister of Finance to the President of Mexico, 10th January 1827' in British and Foreign State Papers, Vol.14 (1826-27), p.854-870.



organization of the army, Contracts for military clothes, the purchase of vessels; and also of tobacco, in order to take as much as possible of the crop out of the hands of growers, with the laudable object of preventing frauds.<sup>19</sup>

A further loan was authorized by the law of 27 August 23, 1823. Congress authorized the government to raise another £3,200,000 at the face value of 86 per cent and at an interest rate of 6 per cent. The government opened its contract for the sale of its bonds in foreign markets to the most favourable bidder.<sup>20</sup> This loan was negotiated by the House of Manning and Marshall of Mexico, which enjoyed the best and most highly merited reputation in the country, on behalf of the House of Barclay, Herring, Richardson, and Company of London. 24,000 bonds were issued for £3,200,000 at the value of 86,  $\frac{3}{4}$  per cent thus producing £2,776,000. The House made the following deduction from this sum: interest on the first 18 months, £228,000; commission, £166,560; Sinking fund, £48,000; Sinking fund of the Goldschmidt loan, £694,000 and contingent expenses, £8,942; and money previously advanced with interest £200,000 9s 3d. The total amount of deductions amounted to £1,405,502 9s 3d.<sup>21</sup>

19. 'Memorial of the Minister of Finance to the Congress of Mexico, 4th January, 1825,' in British and Foreign State Papers, Vol 12. (1824-1825), p.969; 'The Message of the President on the opening of Congress of Mexico, 1st January, 1826,' in British and Foreign State Papers, Vol.13 (1825-26), p.1071.

20. 'Memorial of the Minister of Finance to the Congress of Mexico, 4th January 1825,' in British and Foreign State Papers, Vol 12 (1824-1825) p.970.

21. Henry George Ward, Mexico, Vol.I, London, 1829, p.292; "Report of the Minister of Finance, on the opening of the General Congress of Mexico, 3rd January, 1827," and "Report of the Minister of Finance to the President of Mexico, 10th January, 1827," in British and Foreign State Papers, Vol. 14, (1826-1827) p.1182 and 854-870 respectively.

The Mexican government was thus supposed to receive £1,370,497 10s 9d, but it actually received only £1,078,799 5s 1d before the House declared itself bankrupt.<sup>22</sup>

The money received from the two loans was employed in the following manner:

1.	The purchase of tobacco and paper for fabrica, with arrears due on proceeding years	\$1,616,256
2.	Old credits paid	432,287
3.	Arms, shipping, clothing for troops, etc.	917,549
4.	Foreign missions	108,995
5.	Remittances to California and for the defence of the frontiers	400,000
		<hr/>
		\$ 3,482,087 <sup>23</sup>

In February 1826, the House of Goldschmidt declared itself bankrupt and suspended payment of the remaining £11,113 9s 3d. Consequently the Mexican government adopted measures to liquidate the accounts in London, and subsequently, Sebastián Camacho, for that purpose arrived.

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22. A considerable sum was appropriated out of the net proceeds of \$13,809,000 to redeem the Miconi loan; a further amount to pay the first dividends, commissions, and charges; and the remainder was delivered to the Mexican government partly in money and partly armament, vessels, and military clothing. Lucas Alaman claims that the Mexican government received out of this loan £1,218,918.
23. Henry G. Ward, Mexico, Vol. I, London, 1829, p. 293.



After various and disagreeable debates with that House, a composition of all the pending transactions was entered into, conceding thereto as great a reduction as the bad state of their affairs exacted.<sup>24</sup> Assets to cover the amounts owed to Mexico were then recovered in Mexico City.

The following year the House of Barclay, Herring, Richardson, and Company also collapsed, bringing another financial loss for Mexico. The House owed Mexico \$ 2,244,542, but enough paper, tobacco and debt were attached so that Mexico only lost \$ 1,519,644.<sup>25</sup> The bankruptcy of this house caused a complete confusion in the payment of the dividends due to the London Bondholders. The Mexican government was also deprived of an amount exceeding £400,000 which it had deposited in that house at the time of its failure.<sup>26</sup>

Though those two houses collapsed without fully fulfilling the part of their contracts, the Mexico debt continued to grow in size and intensity until estimated claims, without regard to liabilities, amounted to almost one hundred million dollars.<sup>27</sup> The failure of the Goldschmidt

24. Manuel Payno, Mexico and her Financial Questions with England, Spain and France. Report by order of the Supreme Constitutional Government of the Mexican Republic, printed by Ignacio Compañado, 1826, p.6.

25. "Report of the Committee of Public Credit of the Mexican Chamber of Deputies on the Adjustment of the English Debt", dated April 1st 1850, p.70 in F.O. 97/273.

26. Report of the Committee of Public Credit of the Mexican Chamber of Deputies on the Adjustment of the English Debt", dated April 1st 1850, p.8 in F.O. 97/273.

27. C.Allen True, "British loans to the Government of Mexico 1822-1832", SouthWestern Social Science Quarterly, Vol.17 (1936-37), p.356.

House, and the consequent embarrassment of the Barclay, and the return of bills protested, which had been drawn by the government of Mexico on account of the loan, gave a blow to the credit of Mexico. The Republic was only saved by the timely remittance of large sums of specie by its Secretary for Finance, Vincente Rocafulerte, in time. This more prevented the collapse of Mexico's credit, and enabled Rocafulerte to induce the House of Baring to undertake the agency of the Republic.<sup>28</sup>

It appears from these transactions, and from the failure of Mexico to clear the whole of its external debt that:

Those who derived a decided benefit therefrom, were not the original bondholders who purchased bonds in order to secure a certain income, but were the agents and speculators who bought and sold, repurchased and resold the Bonds on the Exchange, which diminished or increased in value according to the payments of the dividends, or as the frequent amortizations were effected.<sup>29</sup>

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28. "The Precis of the actual stage of the Revenue of the Mexican Republic and of the progress from 1824 to 1826, Mexico 1827. Report by Mexico's Secretary of Finance, dated 10th January 1827, enclosed in F.O. 50/31A No.25.

29. Manuel Payno, Mexico and Her Financial Question with England, Spain and France. Report by Order of the Supreme Constitutional Government of the Mexican Republic, printed by Ignacio Complido, 1862, p.7.



Mexico's credit worsened with the outbreak of revolts against the Federal government in 1827.<sup>30</sup> The government was then faced with a burden of crushing the rebels, and the restoration of peace and stability in the republic. It was however able to remit to the bondholders a sum of \$ 1,288,000 by the middle of 1827.<sup>31</sup> The value of the Mexican bonds as a result rose from 40 to 63½ per cent. The collapse of the House of Barclay, Herring, Richardson and Company created a complete confusion in the payment of the dividends, and as a result payment of interest and Sinking fund was suspended.

Demands of the bondholders became frequent until ways and means were finally found to assign for the payment of dividends overdue. A decree of May 23, 1828 set aside one-eighth of the proceeds of the maritime custom-houses and seven per cent of the export duties on gold and silver.<sup>32</sup> By another decree of October 27 the Mexican government planned

30. "Report of the Secretary of State to the Congress of Mexico, relative to Foreign Affairs, 12th February, 1830, British and Foreign state papers, Vol.18(1830-1831), p.1416. Lucas Alaman pointed out that the continual disturbances, the want of a regular system of government, and the violent measures which followed as natural consequences, dissipated the "phantom of stability which had been created at the epoch of independence...."
31. 'Report of the Department of Finance to the Congress of Mexico, 29th January, 1828', British and Foreign State Papers, (1826-1827) Vol.14, p.941-942.
32. "Report of the Minister of Finance to the General Congress of Mexico, April 1st, 1830," British and Foreign State Papers, (1829-1830) Vol.17, p.1032-3; C.Allen True, "British loans to the Mexican government 1822-1832," SouthWestern Social Science Quarterly, Vol.17 (1936-37), p.357.

to endeavour to procure the assent of the parties interested in the overdue dividends. It was agreed that the coupons should be capitalized and new bonds replace the old ones. Along with the dividends in the original debt, there was to be remitted every three months the amount of interest due on the new bonds and also on equal amount for the gradual repayment of the principal. These funds were to be taken from the exclusive redemption fund, and if this proved inadequate, then from any other source.<sup>33</sup>

The funding of the dividends did not however take place even though instructions for that purpose were forwarded by the government of Mexico to the agents of the republic in London, and to Messrs. Baring, Brothers, and Company on the 20th of the same month. These orders were repeated on the 5th of June 1829, when special powers were also conferred on Mexico's chargé d' Affaires, Señor Gorostiza, in order that by mutual understanding they should proceed to the funding of the unpaid dividends up to January 1830, or to such period as the Bondholders might agree to fix this new debt, at an interest of 5 per cent.<sup>34</sup>

The payment of the interest and sinking fund however continued suspended. The arrears from the quarter ending in October 1827 to the end of the 1829 financial year amounted to \$4,178,529. The Mexican Secretary of State Lucas Alamán observed that:

33. "Report of the Minister of Finance to the General Congress of Mexico, 1st April, 1830," British and Foreign State Papers Vol.17 (1829-1830) p.1032-1034.

34. Report of the Minister of Finance to the General Congress of Mexico 1st April, 1830, ' British and Foreign State Papers (1829-1830) Vol.17, p.1033-1034.



The non-fulfilment of the obligations solemnly entered into, in the contracts for loans, has totally destroyed credit and confidence; and the continual disturbances, the want of a regular system of government, and the violent measures which have followed as natural consequences, have dissipated the phantom of stability which had been created at the epoch of independence.<sup>35</sup>

The Bondholders turned to the British Foreign Office complaining of the hardships that they were experiencing . They urged Lord Aberdeen to intervene in order to procure from Mexico the fulfilment of its engagements towards its creditors.<sup>36</sup> The British government turned down their request pointing out that it had no right to exercise any authoritative interference with foreign states on grievances arising out of speculations of a purely private nature.<sup>37</sup> It held that when persons chose to lend their money to foreign countries, they did so at their own risk.

The British government was not keen to use force to intervene because it thought it undesirable that her subjects should invest their capital on loans to foreign governments instead of employing it in profitable

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35. "Report of the Secretary of State to the Congress of Mexico, relative to Foreign Affairs, 12th February, 1830," British and Foreign State Papers, (1830-1831) Vol.18, p.1416.

36. J.Backhouse to Ewing, Foreign Office, April 8, 1829, British and Foreign State Papers (1839-1840) Vol.28, p.970.

37. J.Backhouse to Ewing, Foreign Office, April 8, 1829, British and Foreign State Papers, (1839-1840) Vol.28, p.970.

undertakings at home It considered the losses of imprudent men, who had placed mistaken confidence in the good faith of foreign governments, would prove a satisfactory warning to others. The foreign office was however ready, so far as it could properly interfere, to second, by its contenance and good offices any favourable opportunity, and presentations the bondholders may address to the Mexican government.<sup>38</sup>

The policy of the British government was later to be summed up by Lord Malmesbury in 1854. His memorandum read:

The only interference of Her Majesty's Government on behalf of the Bondholders has been semi-official that is to say, Her Majesty's Government have never supported their claims on the ground of Right, because the contracts having been considered private transactions between individuals and the Mexican and other governments. Her Majesty's Government have held that they ought not to press them under international law.<sup>39</sup>

The British Minister in Mexico, Richard Pakenham, was instructed to second by his good offices any proper presentations which the Bondholders might make to the proper authorities. The British Government, however, made it quite clear that the Bondholders could not ask for intervention

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38. J.Backhouse to Ewing ,Foreign Office, April 8,1829,  
British and Foreign State Papers,(1839-1840),Vol.28,p.970.

39. F.C. 97/273 Memorandum, Foreign Office, 15 May 1854,  
Signed M(almesbury).



as a matter of right.<sup>40</sup>

In Mexico, the restoration of the republic's foreign credit being an object of considerable importance, it engaged the anxious attention of the executive. Orders were issued to provide the sum requisite for the payment of the dividends, and the Bondholders were invited to appoint Agents to receive the money at the maritime custom-houses.<sup>41</sup> Lucas Alaman in his report to Congress on February 12, 1830 observed that:

The non-fulfilment of the obligations solemnly entered into, in the contracts for loans, has totally destroyed credit and confidence; the continual disturbances, the want of a regular system of Government, and the violent measures which have followed as natural consequences have dissipated the phantom of stability which had been created at the epoch of independence.<sup>42</sup>

40. J. Backhouse to Staples, Foreign Office, June 18, 1829, British and Foreign State Papers, 1839-1840 Vol. 28 p. 970-1. The British Minister in Mexico, Richard Pakenham was cautioned by the Foreign Office against any interference of a more formal kind of behalf of the bondholders, as these claims arose out of speculations of a private nature. Lord Aberdeen felt that these claims did not entitle the Bondholders to ask for official intervention as a matter of right. He also felt that the British government could not properly attempt to exercise any authoritative interference with the government of Mexico of the nature of these claims.
41. "Speech of the Vice President, on the closing of the general congress of Mexico, 15th April 1830", British and Foreign State Papers, (1829-1830) Vol. 17, p. 1021.
42. "Report of the Secretary of State to the Congress of Mexico, relative to Foreign Affairs, 12th February, 1830," British and Foreign State Papers, (1830-1831) Vol. 18, p. 1416.

The House of Manning, the Bondholders' representative, worked in co-operation with Richard Pakenham to obtain the submission of a proposal to the Mexican Congress. As a result a law of October 2, 1830, provided for the issuing of new bonds in satisfaction of all interest due and to become due on the loans of 1824 and 1825 upto April 1, 1831. It was provided satisfaction of half the interest to become due on the same loans during the next five years following the above date. Holders of the Goldschmidt bonds were to receive new 5 per cent bonds at the rate of 1,000 pesos for 625 pesos of the interest funded. Holders of the Barclay bonds were to receive new 6 per cent bonds at the rate of 1,000 pesos for 750 pesos of the interest funded.<sup>43</sup>

The payment of the unfunded half of the interest due on both loans, one-sixth of the proceeds of Vera Cruz and Tampico custom houses, was to be paid immediately. The Committee of Bondholders accepted this new arrangement with a little modification which was included in the Supplementary decree of May 20, 1831 authorizing the issue of new bonds before April 1, 1836, at such manner and time to be agreed by both sides.<sup>44</sup>

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43. Richard Pakenham to Señor Gonzales, Mexico February 1833, British and Foreign State Papers, 1839-1840, Vol. 28, p. 913. The Bondholders consented to receive for a limited period, half of the rate of interest at which the loans were originally contracted for; to arrears of interest at which the loans originally contracted for; the arrears of interest then already due, and that to accrue under the new arrangement, being converted into stock, which was to commence bearing interest on April 1st, 1836.

44. Richard Pakenham to Señor Gonzales, Mexico, February 7, 1833, British and Foreign State Papers, 1839-1840, Vol. 28, p. 973.



In September of that year, it was agreed that new bonds bearing interest due and unpaid up to April 1, 1831, that the new bonds for half the interest accruing from the latter date to April 1, 1836, should be issued from time to time during this period. The Mexican debt was thus increased by nearly 8 million pesos. It was however agreed that the new bonds were to bear no interest until April 1, 1836.<sup>45</sup>

The dividends which were due on July 1, 1831 were paid in cash to the Bondholders. However it was not until September that financial transactions were organized in London. Baring Brothers were appointed as agents, who paid four dividends out of the specie remittances made by the Mexican government, and supplied from their private funds, an account of the Mexican Treasury, any sums that were deficient.<sup>46</sup>

The dividends were due on July 1, 1831, were paid in cash to the Bondholders, by the advancement of 16,000 pesos by the House of Baring Brothers. The Company was latter repaid out of the remittances from the maritime custom-houses. Financial restrains in 1832 forced the Mexican government to suspend payments, and the dividends due on January 1, 1833. As soon as peace was restored in Mexico, the Bondholders called for the

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45. Richard Pakenham to Señor González, Mexico, February 7, 1833, British and Foreign State Papers, 1839-1840, Vol. 28, p. 973. Lord Palmerston authorized British Vice Consuls at Vera Cruz and Tampico to undertake the office of receiving in deposit from the Mexican Authorities, and of transporting the sums to Britain. They were however at perfect liberty to accept or decline this proposal originally put forward by the Bondholders and accepted by the Foreign Office. They were instructed to undertake this business entirely on their own responsibility. See J. Bankhouse, John Marshall, Foreign Office, June 8 and 29, 1830, British and Foreign State Papers 1839-1840, Vol. 28, p. 911-972.
46. Manuel Payno, Mexico and Her Financial Question, England, Spain and France. Report by order of the Supreme Constitutional Government of the Mexican Republic, Printed by Ignacio Complido, 1862, p. 8.

resumption of their money. Mexico promised to pay "as soon as the public treasury (came) under the system and regulations which (were) actually in progress, and which (would) procure for it the means of meeting the demands upon it."<sup>47</sup> Bernardo Gonzáles, the Mexican Secretary for Foreign Affairs, then recommended to the Finance Department to resume payment of the half yearly dividend.

In February the government entered into new arrangements with the Bondholders, but unfortunately difficulties faced by the Mexican treasury were so immense that the Bondholders were not paid. The decision not to pay the Bondholders angered them. They accused the Mexican government of failing to honour its promise of paying them as agreed. It had earlier on been agreed that the government was to admit them in payment of duties in proportion of 40 per cent in bonds with 60 per cent in money. The Bondholders considered this arrangement as a sacrifice on their part, and protested against the altered term which required an exhibition in money at the rate of 80 per cent to 20 per cent in paper. The Bondholders felt that it was out of their power to comply. They therefore protested against any attempts to dispute the validity of payments during 1832 on account of duties.<sup>48</sup>

47. Bernardo Gonzáles to Richard Pakenham, Mexico, February 9 and March, 2, 1833, British and Foreign State Papers, 1839-1840 Vol.28, p.974. At this time Mexico had great financial problems that government employees and pensioners had not even been paid for many months. The President therefore offered the Bondholders the payment of 6% of the produce of maritime custom-houses. This was all that Mexico could afford to spare at this time. See the letter from the Mexican Minister of Finance to the Minister of Foreign Affairs, February 22, 1833, British and Foreign State Papers, 1839-1840, Vol.28, p.974-5.
48. Richard Pakenham to Señor Gonzáles, Mexico, 19th April, 1833, British and Foreign State Papers, 1839-1840, Vol.28, p.976-7.



President Gómez Pedraza ordered that 6 per cent of the revenues of Vera Cruz and Tampico be set aside for the payment of foreign debt during the remainder of 1833. However only 212,330 dollars were remitted which amounted to  $4\frac{1}{2}$  per cent of the revenues of these ports. The following year only 20,678 dollars were remitted, and unpaid total amounted to 1,244,872 dollars. Faction strifes were responsible for this poor remittances of dividends for they continued to hinder Mexico's ability to clear the whole of its debt. In 1835 Mexico only paid 1,309 dollars, and in 1837 in fact nothing was remitted to the Bondholder.<sup>49</sup>

By 1837 through arrears of interest, Mexico's undebtedness had risen from the original 32 million dollars to 46,239,720.46 dollars. The principal and arrears of interest on the 5 per cent loan amounted to 17,219,931.46 dollars, and that of the 6 per cent loan to 29,019,789 dollars.<sup>50</sup> In an effort to meet the payment of its debts, on April 4, 1837 Congress granted extraordinary powers to the government to clear the above sum. A decree was issued to liquidate the debt, and to amortize one half thereof by national or wastelands, in the State of Texas, Chihuahua, New Mexico and California; and with the other half to form a sinking fund.<sup>51</sup>

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49. Edgar Turkington, Mexico and Her Financial Creditors, Columbia University Press, New York, 1930, p.68.

50. "Report of the Committee of Public Credit of the Mexican Chamber of Deputies on the Adjustment of the English Debt," dated April 1st, 1850, p.10 in F.O. 97/273.

51. Manuel Payno, Mexico and Her Financial Question with England, Spain and France. Report by the Order of the Supreme Constitutional Government of the Mexican Republic, printed by Ignacio Complido, Mexico, 1862, p.10. The advantage of this arrangement was that Mexico would reduce by half its indebtedness through land grants instead of cash. There was also a political motive for it was hoped that in a short time the wastelands of New Mexico, California, Sonora, would be "peopled by an industrious and labourous race". This colonization was hoped would prevent the encroachments of the United States.

On 15 September 1837, the Mexican Minister in London agreed that one-sixth of the maritime customs duties of Vera Cruz and Tampico be set apart for the payment of interest. This money was to be delivered to two commissioners, one nominated by the Mexican government and another by the Bondholders. It was also agreed that in case of Mexico failing to pay, Bondholders were to be entitled to demand payment of interest to be made to the amount of unpaid coupons, plus 10 per cent instead of the agreed 6 per cent. In lieu of the proposed land warrants, the Bondholders submitting Bonds and coupons for Conversion were to receive "deferred" bonds bearing 5 per cent interest from October 1, 1847.<sup>52</sup>

These deferred bonds could be used in the purchase of vacant lands, at the rate authorized by the decree of April 12, 1837. If these bonds were used, it was agreed that an interest at 5 per cent from October 1, 1837 was to be credited towards the purchase. The New Mexico's financial Agents, F. de Lizardi and Company proceeded to effect the conversion of the existing foreign debts in accordance with the agreement.

This arrangement was however not approved by the Mexican Congress until June 1839. The House of Lizardi then converted both loans into a single one at the rate of 5 per cent for the first loan and its arrears, and the second loan with its arrears at 12½ per cent. The sum total of this operation was to be divided into two equal parts; one to consist

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52. The deferred bonds could be used in the purchase of vacant lands, at the rate authorized by the decree of April 12, 1837. It was also agreed that interest due and which would be due by April 30, should be converted into stock; half of the interest from April 1, 1831 to April 1, 1836 into stock; and the fundings to commence from April 1, 1836 by issue of bonds not less than 62½% for the 5% loan and 62½ % for the 6% loan



of active bonds at 5 per cent interest, and the other to be composed of deferred bonds which were not to bear interest for 10 years. They were instead to be admitted in payment for wastelands in the regions agreed, at the rate of £1 for every 4 acres.<sup>53</sup>

The House of Lizardi was also instructed to issue active bonds at 5 per cent annual interest to the value of 23,119,860 dollars. It was agreed that the deferred bonds were to be to the tune of 23,119,860 dollars. This arrangement thus liquidated the 1837 debt to the value of 46,239,720 dollars. By 1840 practically all the bonds and coupons of interest up to October 1, 1837 had been exchanged for new bonds.<sup>54</sup>

By this arrangement two distinct funds were converted into one, thus simplifying accounts and payments for Mexico. The 6 per cent fund was reduced to 5 per cent, and Mexico was thus relieved of 1 per cent interest. Half of the interest did not bear interest for 10 years, thus decreasing the amount to be paid. On the other hand, by the premium of 12½ per cent to the bonds of 6 per cent, Mexico's debt

53. "Report of the Committee of Public Credit of the Mexican Chamber of Deputies on Adjustment of the English Debt," dated April 1st, 1850, p.10 in F.O. 97/273. The 1/6th of the Custom duties of Vera Cruz and Tampico, as provided by the 1837 Conversion, was actually not set aside, and no interest was paid in cash, but some certificates were given on the Mexican custom-houses of Vera Cruz and Tampico.
54. Manuel Payno, Mexico and Her Financial Questions with England, Spain and France. Report by order of the Supreme Constitutional Government of the Mexican Republic, printed by Ignacio Complido, Mexico, 1862, p.10.

increased to 2,560,000 dollars. In total the settlement was advantageous to Mexico for she was saved from paying an interest of 11 million dollars.<sup>55</sup>

Mexico, however, being short of funds found it difficult to keep up payments, and could not pay all the interests for the years 1838 to 1842, with the exception of 1,499,644 dollars of certificates given in the maritime customs. In February 1842 a new agreement was made to the effect that eight semi-annual coupons be converted into debentures of the nominal value of 2,495,480 pesos. They were however not to bear any interests but were to be deemed from time to time out of any funds remaining in the hands of the financial agents.<sup>56</sup>

On 15 October 1842 Pakenham concluded on behalf of the Bondholders a convention with the Mexican secretaries of finance and foreign affairs. It was agreed that one-fifth of the produce of the custom-houses, instead

55. Manuel Payno, Mexico and Her Financial Questions with England, Spain and France. Report by Order of the Supreme Constitutional Government of the Mexican Republic, printed by Ignacio Complido, Mexico, 1862, p.10.

56. Edgar Turpington, Mexico and Her Foreign Creditors, Columbia University Press, New York, 1930, p.72. The Bondholders surrendered half of their coupons for four years, taking a loss of \$2,311,980. The remaining interest was converted by custom non-interest bearing documents (debentures) to be issued, and the promise of ready cash by increasing the amount of custom duties to be set aside at Vera Cruz and Tampico from 1/6th to 1/5th.



of one-sixth should be set aside for the Bondholders; that the dividends of 1842 and 1843 should be paid in cash by the House of Lizardi; and that out of the remaining funds, the creditors should receive one-half in certain titles, which were called in the London market debentures.<sup>57</sup>

The House of Lizardi, the Mexican agent in London, issued bonds in excess of those necessary for convention. The Secretary of the London Stock Exchange requested Lizardi and Company to finish a statement in writing of the number of bonds issued and their serial numbers, but the latter refused to oblige. The chairman of the Committee of the Spanish-American Bondholders, Mr. Robinson, pressed the House to provide the required information. Lizardi and Company claimed that it had received 27,500,000 dollars in active bonds and the same amount in deferred bonds from the Mexican Charge d' Affaires in London, Agustín Iturbide. Mr. Robinson then protested but the House of Lizardi and Company that they had acted in accordance with instructions from the Mexican government, and that the "excess" bonds represented their Commission.<sup>58</sup>

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57. British and Foreign State Papers, 1853-1854, Vol.41, p.738;  
 "Report of the Committee of Public Credit of the Mexican Chamber of Deputies on the Adjustment of the English Debt. dated April 1st, 1850, p.11-12, in F.O. 97/273.

58. "Report of the Committee of Public Credit of the Mexican Chamber of Deputies on the Adjustment of the English Debt", dated April 1, 1850, p.12-13, in F.O. 97/273. This claim appears to be false for instructions from the Mexican Government assured after Lizardi and Company had issued the "excess" bonds. No instructions were actually issued for the House to issue "excess" bonds for Commission and other charges.

Despite of these "excess" bonds issued by the House of Lizardi, the Mexican government authorized the House in 1844 to issue further bonds to the value of 1 million dollars. These bonds were to be applied to the payment of dividends and the redemption of bonds which had or were still to be issued by the House. For these payments, 5 per cent of the custom duties of Vera Cruz, Tampico, San Blas, Mazatlan and Guayamas were assigned to the House.<sup>59</sup> These issues of bonds by the House in connection with its "commissioners" largely nullified the 10,012,370 gained by Mexico through the 1837 convention.<sup>60</sup> To pay Lizardi's commission, Mexico increased its indebtedness by 5,230,000 dollars.

On 15 December 1843 the Mexican government of General Santa Anna issued a law stating what it recognized as its debt to the London Bondholders. Except for the "excess" deferred bonds, all the bond issue of Lizardi and Company were legalized: Active bonds amounting to 27,500,000 dollars of which 23,120,000 was for the 1837 conversion, plus 4,380,000 dollars for Lizardi's commissions and expenses; Deferred bonds rendered active which amounted to 458,200 dollars; Debentures amounting to 2,495,480; Deferred bonds amounting to 23,120,000 dollars; and Active

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59. "Report of the Committee of Public Credit of the Mexican Chamber of Deputies on the Adjustment of the English Debt", dated April 1, 1850, p.16-17, in F.O.97/273.

60. Carl H. Bock, Prelude to Tragedy - The Negotiation and Breakdown of the Tripartite convention of London, October 31, 1861, University of Pennsylvania Press, Philadelphia, 1966, p.464-465.



bonds in virtue of the law of 28 July 1843 amounting to 1 million dollars.<sup>61</sup> The House of Lizardi was later relieved as financial agents of Mexico on April 5, 1845 as a result of a change of government in Mexico.

In an effort to clear up its debts, the new Mexican administration in April 1845 passed a law for the settlement of foreign debts. It decreed that interest was to be capitalized, no higher interest than 5 per cent was to be agreed upon, that the present amount of the legitimate foreign debt could not be increased and that no national property was to be alienated or could whole or any part of the territory of the Republic be hypothecated.<sup>62</sup>

On June 4, 1846 a new contract was concluded by the House of Schneider, the new Mexican financial agents, and the London Bondholder. The conversion agreed was necessary as a result of Mexican defaults in dividend payments. This difficulty was partly aggravated by disputes, difficulties and obstacles raised by the House of Lizardi and Company. The House refused to hand over papers and funds it held to the new financial agents of Mexico when they were relieved of their services.<sup>63</sup>

61. Carl H. Brock, Prelude to Tragedy - The Negotiation and Break-down of the Tripartite Convention of London, October 31, 1861, University of Pennsylvania Press, Philadelphia, 1966, p.464-465.

62. Legislacion Mexicana, Vol,V,p.16.

63. "Report of the Committee of Public Credit of the Mexican Chamber of Deputies on the Adjustment of the English Debt." dated April 1, 1850, p.20 in F.O. 97/273.

Thereupon the committee of Bondholders started legal proceedings, but then Lizardi settled out of court, with the agreement that Schneider and Company was to accept bills to the amount of 328,255 dollars, being the proceeds of the customs of Vera Cruz and Tampico which had come into the possession of Lizardi and Company. When Schneider and Company demanded the 3,921,750 of "unauthorized excess" deferred bonds, Lizardi refused to produce them, even though the demand was supported by the order of the Mexican Secretary of Finance on 27 June 1846.<sup>64</sup>

The 1846 agreement recognized Mexico's debt as 51,208,250 dollars. This new arrangement provided for a new 5 per cent loan to the amount of £10,241,650 upon a general pledge of all the revenues of Mexico. Besides this a special assignment of the tobacco revenue, the duty on the exportation of silver through the Pacific ports and one-fifth of the import and export duties of Vera Cruz and Tampico, were also set aside for payments.<sup>65</sup>

The new issue was first to be applied to the conversion of the existing bonds and debentures which had been recognized in 1843. "Active" bonds were to be converted at 90 per cent of their face value, the "deferred" bonds and debentures at 60 per cent interest accrued on the active bonds, to the amount of nearly 4 million pesos would be paid in cash at the rate of 36 4/11th per cent which amounted to nearly 1,400,000 pesos. The remaining 11 million pesos were to be sold to provide cash for the

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64. ibid

65. Manual Payno, Mexico and Her Financial Questions with England, Spain and France. Report by order of the Supreme Constitutional Government of the Mexican Republic printed by Ignacio Complido, 1862, p.14-15.



current need of the government and for the fulfilment of domestic obligations.

This agreement was however not approved by the Mexican Congress until July 19, 1847 when General Santa Anna Sanctioned it.<sup>66</sup> This agreement reduced the Mexican debt by 5 million pesos and at the same time, the government obtained 10½ million pesos. Unfortunately the War between Mexico and the United States, 1846 to 1848, made it impossible for the former to pay any dividends to the Bondholders. At the end of the war Mexico received an indemnity of 12 million dollars from the United States. The Chairman of the committee of Bondholders requested that part of the indemnity to be used to pay dividend arrears. The Committee of the London Bondholders quickly sent William Parish Robertson to Mexico in the hope of securing the payment of their dividends. He held talks in March 1849 with the Mexican Secretary of Finance, Pina y Cuevas and his successor Francisco de Arrangoiz.<sup>67</sup>

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66. Edgar Turillington, Mexico and Her Foreign Creditors, Columbia University Press, New York, 1930, p.92. The 1846 Agreement or Conversion was concluded in London by the Mexican Minister there with the Bondholders, and when the contract arrived in Mexico in August a revolutionary change had taken place. President M. Peredes y Arrillaga resigned on July 28, 1846, leaving the executive office in the hands of Vice President Nicolás Bravo. On August 3, a revolution began as the result of which General Salas was granted the supreme executive authority, by a decree of August 22. A liberal congress was installed on December 6, and on the twenty third general Santa Anna was chosen President and interim.
67. Manuel Payno, Mexico and Her Financial Questions with England, Spain and France. Report by the Order of the Supreme Constitutional government of the Republic of Mexico, printed by Ignacio Complido, Mexico, 1862, p.17-19.

The two sides agreed that from July 1849 to July 1859, interest of the British debt should be reduced to  $3\frac{1}{2}$  from the current rate of 5 per cent. On its part Mexico sided to the Bondholders the circulation duty in the Pacific coast ports, and the circulation and export duties on silver in the Gulf ports. It was also agreed that for three years from July 1846, 4 million dollars from the war indemnity was to be set aside for the payment of interest of the British loans.<sup>68</sup> If this amount proved insufficient, more money was to be set aside by the republic to clear the arrears. The difference of interest from July 1849 to July 1859, about  $1\frac{1}{2}$  per cent, was to be cancelled in exchange of 500,000 dollars from the American indemnity. This was to be paid in three instalments. It was also agreed that if interest was not paid by 1859, then the Bondholders reserved for themselves the right to annul this contract; and that at the end of this period fresh arrangements were to be made by the two contracting sides. These arrangements were to be subject to the ratification of the Mexican Congress and the General Committee of the Bondholders. As a result of Congress sanctioning the agreement, a decree was issued on 14 October 1850.<sup>69</sup>

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68. Ibid. For the full text of this agreement between Francisco de Arrangoiz and William J. P. Robertson consult pages 11-19 of this report.

69. Legislación Mexicana, Vol.V, p.743-744. The law of October, 1850 authorized the payment of \$2 $\frac{1}{2}$  million of the American indemnity in addition to the sums received at Mexican ports for the account of the Bondholders up to the day of their acceptance of the law payment of the sum mentioned above was on condition that the Bondholders relinquish all further claims to arrears of interest, which amounted to \$16,241,650, and also agree to the reduction of the rate of interest for the future from 5 to 3%. The law authorized payment of  $\frac{1}{4}$ th of all the import duties,  $\frac{3}{4}$ th of the export duties on the Pacific coast,  $\frac{1}{20}$ th of all export duties on the Gulf coast, to the Bondholders. It also extended to them the right of ultimate recourse against all the revenues of Mexico.



The Bondholders accepted this decree at their meeting in London on 23rd December that same year.<sup>70</sup>

As a result new bonds of 51,208,250 pesos were issued bearing an interest of 3 per cent. Certificates representing the arrears of interest from 1846 to 1859 were issued upon the surrender of the coupons which had become payable during that period. It was agreed that for the next four years the Bondholders were to receive 37 pesos for each 1000 pesos of arrears of interest. The first dividend of 3 per cent was paid in London in June 1851 amounting to £51,000 deposited with the Bank of England plus £60,000 from the maritime customs remittances, and lastly with remittances from Vera Cruz and Tampico. The second remittance was made in January 1852 when the House of Baring Brothers advanced 800,000 dollars.<sup>71</sup>

Financial problems of the Mexican treasury made it difficult for the Republic to make further payments to the Bondholders. Mexico hardly had any funds to spare apart from the burden of maintaining peace and stability. Between 1851 to 1854 dividends were therefore paid with an ever increasing tardiness, so that the last of these dividends was

70. The London Bondholders were later to complain that as a result of various arrangements made with the Mexican government which were not fulfilled properly, they had lost £11,887,644 by the end of 1850. On 23rd December of that same year they had agreed to write down their interest expectations to 3% in the hope that it would improve the punctual payment of their half-yearly payments. See R.B. Chapman, British Relations with Mexico, 1859-62, B.Litt Thesis, Oxford, 1936, p.82.

71 Mexico also agreed to assign an additional 3 per cent of the customs revenue to the payment of arrears due to the British Bondholders.

paid in full by a payment made by Mexico on 10 October 1861. The 1 January 1854 dividend was the last dividend paid by Mexico at the time of the tripartite intervention in 1861. Nor were the 250,000 dollars annual sinking fund payments, that were to start in 1857, ever made.<sup>72</sup>

On 23 January 1857, the government of Ignacio Comonfort in an effort to honour its debt to the London Bondholders, issued a decree which authorized the appointment of agents at the Mexican ports to receive funds for the payment of dividends. This measure was taken in an effort to give every security to the Bondholders. The funds were to be set aside and then remitted to the Bondholders in London.<sup>73</sup> Unfortunately the War of the Reform broke out in 1857, thus making it difficult for the government to continue payment. The country was torn by a strife between the liberals and the conservatives, when the reactionary army elements struck in the capital and after a month of chaos, General Zuloaga assumed the presidency in 1858. Ex-President Comonfort, disillusioned, left for the United States leaving behind a troubled Mexico, with the rival governments.<sup>74</sup> The Liberals under Benito Juárez

72. Carl H. Brock, Prelude to Tragedy. The Negotiation and Breakdown of the Tripartite Convention of London, October 31, 1861, University of Pennsylvania Press, Philadelphia, 1966, p.469.

73. Manuel Payno, Mexico and Her Financial Questions with England, Spain and France. Report by Order of the Supreme Constitutional Government of the Mexican Republic, printed by Ignacio Compiado, Mexico, 1862, p.33.

74. Jan Bazant, A Concise History of Mexico from Hidalgo to Cardenas, 1805-1940, Cambridge University Press, New York, 1977, p.77. For details of the political situation see the next chapter of this thesis.



established their government at Vera Cruz claiming to be the authentic rulers of Mexico. The British government was however to recognize the conservative government of General Zuloaga by the mere fact that they controlled the capital.

In an effort to secure their dividends in 1858 Mr. William Parish Robertson, the chairman of the Bondholders, proposed to the British Foreign Office that the collection of custom duties due to the Bondholders be transferred to them by agents appointed under the supervision of the British Consuls in Mexico.<sup>75</sup> Lord Malmesbury then instructed the British Minister in Mexico, Charles F. Otway to support the appointment of "interventors".<sup>76</sup> These men were to receive bills, which the Collectors of Customs drew on the importers, for the payment of that portion of duties allowed the Bondholders. These bills were to be converted into cash and handed over to the Consuls so as not to pass through the hands of the Mexican Authorities at all. This was in an effort to prevent Mexican officials from misappropriating funds belonging to the Bondholders. Lack of funds and the outbreak of civil war between the conservatives and liberals made it difficult for any arrangements to be made. Mexico just didn't have any funds to spare to the Bondholders and in fact it was difficult to organize any administration under these conditions. The conservatives managed to hold on to power by confiscation of funds and property belonging to both the local population and

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75. F.O. 97/275 Robertson to Foreign Office, 20th February, 1858.

76. F.O. 97/275 Malmesbury to Otway, F.O., No.3, draft, 1 July 1858.

foreigners.<sup>77</sup>

The British government refused to act officially on behalf of the Bondholders even though Otway informed Lord Malmesbury that there was no hope of securing payments to the Bondholders. The British Foreign Office maintained that the British government could not act officially in these matters which arose out of pure private speculations. Otway was however instructed to give his advice and employ his personal influence on behalf of the Bondholders.

Carl H. Bock maintains that:

So long as the claims of the London Bondholders were based on agreements with the Mexican government, its decrees and orders, and even the laws passed by Mexican legislatures, the British government did not consider the claims of the Bondholders as founded upon international law.<sup>78</sup>

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77. Lord J. Russel to Sir C. Wyke, Foreign Office, 30th March, 1861 in British Parliamentary Papers, "Correspondence relating to the Affairs of Mexico", Vol. LXIV, 1862, p.107-110. Under the rule of General Miramón forced loans under one denomination or another, but more especially tax on capital, were levied on British Subjects.

78. Carl H. Bock, Prelude to Tragedy, The Negotiation and Breakdown of the Tripartite Convention of London, October 31, 1861, University of Pennsylvania Press, Philadelphia, 1966, p.472.



The history of British loans to Mexico was one filled with ruinous losses for both Mexico and the Bondholders. It was nothing less than the result of ill-conceived gambling speculations on the part of the British houses of finance. Though the initial losses suffered by the Mexican government were great enough, this foreign parasite continued to grow in size and intensity.<sup>79</sup> The history of the Mexican loans contracted in London was simply that:

Of an experienced debtor who (was) over anxious to pay, but (was) always harassed and short of funds; and that of a prudent creditor who (was) ready to enter into arrangement, but (was) at times discontented and outrageous when he ha(d) lost all hopes of a solid and definitive settlement.<sup>80</sup>

79. C.Allen True, "British loans to the Mexican government, 1822-1832", Southwestern Social Science Quarterly, 1936-37, Vol.17,p.356. Manuel Payno claims that besides the losses suffered by Mexico in Commissions, charges, failures, and bad effects, the exorbitant price, the muskets delivered to Mexico, account of the loans, were the refuse of the English army. He further claims that though the accutremments, clothing and vessels sold to Mexico were of very worst possible quality, they were bought at most exorbitant prices. See this Report, p.27.

80. Manuel Payno, Mexico's Financial Questions with England, Spain and France. Report by order of the Supreme Constitutional Government of the Mexican Republic, printed by Ignacio Complido, Mexico, 1862, p.5.; Also see

C.Allen True, "British Loans to the Mexican Government, 1822-1832", Southwestern Social Science Quarterly, 1936-37, Vol.17,p.356.

In spite of the sacrifices on the part of the London Bondholders, the real profitters were the financial houses and the losers were Mexico and the Bondholders. Though the Bondholders at different stages made sacrifices by reducing the burden on Mexico, the latter found its debt increased by each conversion. The financial houses simply reaped all the advantages, and profited by the sacrifices of the creditors.<sup>81</sup>

Though Mexico failed at times to pay interest due to the Bondholders, this was due to exceptional causes. The republic suffered from lack of funds, and continual civic strife. Civil wars, revolts, recession of Texas and the Mexico-American War (1846-1848) made it continually difficult for Mexico to fulfil its engagements to the London Bondholders. Despite all these problems, Mexico displayed evidence of good faith, and various plans were submitted in an attempt to meet the dividends of the Bondholders.<sup>82</sup>

The British government did not participate directly or indirectly in the two loans and did not interfere with any of the arrangements. The only British government interference before 1859 was semi-official. This was because it considered the transactions as private speculation. The British government therefore held that it ought not to press the claims of the Bondholders for the fulfillment of their payments under international law. The only way the British government could have

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81. "Report of the Committee of Public Credit of the Mexican Chamber of Disputes on the Adjustment of the English Debt." dated April 1st 1850, in F.O.97/273. Mexico was partly to blame for upto 1850 not a single account of its agents had been audited, nor books of accounts opened for these transactions. All the data bearing on the subject were dispersed among the general accounts of various government offices.

82. C.Allen True, "British loans to the Mexican Government 1822-1832", Southwestern Social Science Quarterly, 1936-37, Vol.17, p.362, and Manuel Payno, Mexico's Financial Question with England, Spain and France, Report by the Supreme Constitutional Government of the Mexican Republic, printed by Ignacio Compliado, Mexico, 1862, p.27.



supported these claims was if they were recognized by a convention between the two countries, duly ratified by both the contracting parties.<sup>83</sup> It did however offer the Bondholders its good offices to persuade the Mexican government to resume payments, and also allowed its consuls in Mexico to help the Bondholders in their unofficial capacity.

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83. Carl H. Hock, Prelude to Tragedy, The Negotiation and Breakdown of the Tripartite Convention of London, October 31, 1861, University of Pennsylvania Press, Philadelphia, 1966, p.472.

## CHAPTER X BRITISH CLAIMS ON MEXICO

The period that followed the secession of Texas from Mexico was full of political violence and anarchy. The civil wars and revolutions that followed resulted in the disruption of the Mexican economy, disorganisation of government, and murder and confiscation of civilian property.<sup>1</sup> Lack of enough funds to enable the government to maintain peace and order, forced the various administrations to resort to forced contributions, tax on capital, and increase in commercial taxes. These troubles and shortages of funds distracted the Republic and impoverished the country. They also made it difficult for the government to raise at once funds sufficient to provide for the immediate wants of the civil administration, and for the liabilities of the country towards foreign creditors and claimants.<sup>2</sup>

Daniel Dawson sums up the political situation by these words:

In the turmoil of revolution and counter revolution the more prosperous foreigners were the chosen prey of every ambitious political leader in need of funds. Special taxes, forced 'loans', and plain robbery made business difficult. Brigandage was rife on the highways. The convoys of silver found the journey to the coast a perilous adventure. Arrests and false charges,

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1 D.C.M. Platt, British Capital, Commerce and Diplomacy in Latin America, Independence to 1914 - Intervention or Abstention? D.Phil. Thesis, St. Antony's College, Oxford, 1962, p. 55.

2 Lord Russell to George B. Mathew, Foreign Office, August 24, 1860 in "Correspondence respecting British claims on Mexico", Parliamentary Papers, Vol. LXV, 1861, No. 1, p. 265.



bodily injury and sometimes murder completed the tale of a blacklist of outrages.<sup>3</sup>

It was difficult for the British government to obtain any redress for its subjects, for Mexico suffered from lack of stable dependable government. Presidents succeeded one another at a very rapid pace, and each leader on taking office almost invariably disavowed any engagements made by his predecessor. Furthermore in each administration there were frequent changes of secretaries. Lack of funds and disorganisation of the Department of Finance, led to the resignation of many of the Secretaries of Finance. Further problems arose out of the frequent resignation of Secretaries of Foreign Affairs. Between July 1855 and September 1857 the post had changed hands twelve times.<sup>4</sup> These changes made it difficult for any agreement for the settlement of foreign claims.

Attempts were however made by the Mexican government to settle British claims, but chronic shortages of funds resulted in frequent defaults in payments. The Liberals appeared to have been genuine in their desire to settle these claims, but the truth of the matter was that Mexico had no funds to spare.<sup>5</sup> Much of her revenues went towards paying foreign bondholders and pay Juárez' Civil War debts. Various conventions were however signed with British ministers in Mexico and

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3 Daniel Dawson, The Mexican Adventure, G. Bell and Sons Ltd., London, 1935, p. 3. For a list of outrages committed against British subjects see extract from the "Mexican Extraordinary", June 27, 1861, enclosure No. 1 in Wyke to Russell, Mexico, June 27, 1861, No. 13, In Correspondence. Related to the Affairs of Mexico, Parliamentary Papers, Vol. LXIV, 1862, p. 129-195. These claims are however exaggerated by this newspaper.

4. Daniel Dawson, The Mexican Adventure, G. Bell & Sons Ltd., London, 1935, p. 4.

5 F.O.50/352, George B. Mathew to Lord Russell, Mexico, Confidential, 12 May 1861, Mexico, No. 37. See Appendix 3 for names of British claimants and their claims.

two Commanders of the British Navy.

#### A. DIPLOMATIC CONVENTIONS

##### 1. The Pakenham Convention, 1842.

The first British Convention concerning the internal debt of Mexico was concluded by the British Minister Plenipotentiary, Richard Pakenham on October 15, 1842. This convention aimed at settling payments for various amounts due to British residents, claims of which arose out of forced contributions, injuries and confiscation of property.<sup>6</sup> Interested parties forwarded claims amounting to \$287,412.09.<sup>7</sup>

It was however agreed by this convention that Mexico should only honour claims amounting to \$226,768.44, as the validity of all the claims put forward could not be proved. It was further agreed that all recognised claims should be settled by 2% and 1% of the import duties of Vera Cruz and Tampico respectively. The

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6 Manuel Payno, Mexico and Her Financial Question, with England, Spain and France. Report by order of the Supreme Constitutional Government of the Mexican Republic, printed by Ignacio Complido, Mexico City, 1862, p. 68.

7 Charles Wyke to Lord Russell, Mexico, August 26, 1861, Confidential, plus enclosure 1 (memorandum on British Convention), in 'Correspondence related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, p. 184. Interested parties included Jecker, Terre and Co. \$67,246.59; Manning and Mackintosh, \$52,573.71; Viuda Echeverría é Hijos, \$27,853.57; Drusina and Co. \$13,717.27; J.J. de Rosas, \$12,203.12; Aguero González and Co. \$13,850.56; Alexander Grant, \$54,483.03; C.A. Fornalhon, \$2,332; Martínez del Río Brothers, \$32,561.79; Domingo de Ansoategui, \$4,067.70; J.G. Martínez del Río, \$250; Eutes, Jamison & Co. \$1,600; E.J. Perry \$3,862.75; Ernesto Masson (for G. and J. Campbell) \$500; and Thomas H. Warrall \$350.



interest charged on the capital was to be capitalised and an interest of 12% per annum paid on it.<sup>8</sup>

Sundry certificates and orders presented by Thomas Warall, the claimants representative, were accepted by the Mexican Treasury on May 8, 1844, and the accumulation of interest to this date increased the original capital to \$229,712.31. After this liquidation, some other credits were introduced when the claimants agreed to advance the Mexican government a loan of \$77,219.13.<sup>9</sup> The Mexican government continued to pay the claimants, but with default that a fresh convention had to be entered on their behalf by the British Chargé d'Affaires, Percy William Doyle.

## 2. The Montgomery, Nicod and Co. Convention

On October 17, 1840 the Mexican government contracted a loan of \$2 million with the object of undertaking a new expenditure against the rebel state of Texas. The Banking House of Montgomery, Nicod and Co., in association with that of Sancho and Manterola; Martinez del Rio Brothers; Andrés Yedias, Francisco Sáyago; José J. Rosas; Fernando del Valle; Antonio Barruecos; and others, contracted the loan delivering \$900,000 in hard cash, and \$1,100,000 in papeles (paper), which consisted principally in receipts for salaries of the Mexican government employees.<sup>10</sup> At this stage, British subjects were not involved in this speculation but later bonds from this arrangement passed into their hands.

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8 Manuel Payno, Mexico and Her Financial Questions .... p. 69. 'The memorandum of British Convention' in Charles Wyke to Lord Russell, Mexico, Confidential, August 26, 1861, in 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 182, gives a sum of \$250,000 as the agreed amount of claims.

9 Manuel Payno, Mexico and Her Financial Question .... p. 69. This new loan increased the amount due from this convention to \$306,931.44.

10 Manuel Payno, Mexico and Her Financial Questions ..... p. 71. This contract was for the devolution of the tobacco monopoly.

The Mexican government designated a fund of 17% for the payment of this loan. The contracting house of Montgomery, Nicod and Co. was not happy with the arrangements made by the Mexican government to repay this loan, for the instalments proposed were not large enough to satisfy them. The government of General Santa Anna rejected their request for the increase of payments, and the interested parties were therefore compelled to apply to the Supreme Court of Justice.<sup>11</sup> Before any decision could be reached by the tribunal appointed to deal with this case, Charles Bankhead intervened forcing the Mexican Secretary of Finance, G. Ingueres to enter into various negotiations with the interested parties.

An amicable arrangement was therefore reached on 21 January 1843 by which it was stipulated that the interest overdue to the end of December 1842 should be capitalised; that the new bonds should be issued for the sum of \$2 million with an interest of 1% per month; and that the whole amount should be paid by 8% of the produce of maritime custom-houses.<sup>12</sup> In return for the advantages the claimants derived from this arrangement, it was agreed that they should deliver to the Mexican government a new subsidy of 6% in hard cash.<sup>13</sup> Some difficulties prevented the carrying out of this arrangement in that an additional article had to be agreed upon. It was therefore agreed that the interested parties should deliver \$120,000 more, in bonds of other established stock, for which they should be paid 1% per month, out of the said 8% fund.

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11 Manuel Payno, Mexico and Her Financial Questions ..... p. 71

12 "Memorandum on British Convention", enclosure 1 in Charles Wyke to Lord Russell, Mexico, Confidential, August 26, 1861, in 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 184.

13 Manuel Payno, Mexico and Her Financial Questions ..... p. 71.



The arrangement was however not put into effect and on April 8, 1844 the house of Montgomery, Nicod and Co., made a final proposition, which was submitted to the Secretary of Foreign Affairs, J.M. Bocanegra, and by which it was agreed that, with 5% of the products of the maritime custom houses, the sum of \$1,148,630 should be paid, this being the amount represented by the said House in the loan of \$2 million, including the sum of \$56,490 paid in cash into the General Treasury as a new subsidiary.<sup>14</sup> An agreement was therefore entered on their behalf by the British Minister Plenipotentiary, Charles Bankhead based on these proposals. Mexican partners of the Montgomery, Nicod and Co. and other foreigners who took part in the \$2 million loan, were excluded from this arrangement, as this British finance house claimed from them about \$8,000 for commission.<sup>15</sup> Funds destined to pay these British claims continued to be paid to the claimants with regularity from the maritime custom-houses bills, thus fulfilling the arrangements of this second convention.<sup>16</sup>

### 3. The Martínez del Río Claims

When the Mexican government consolidated its internal debt by the decree of May 11, 1843, it assigned for the payments 25% of the maritime import duties, and an interest of 6% per annum. It then

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14 Manuel Payno, Mexico and Her Financial Questions 1..., p. 72-73.

15 Manuel Payno, Mexico and Her Financial Questions ...., p. 73.

16 The House of Montgomery, Nicod and Co. represented British claimants whose claims were: Martínez del Río \$563,127.22; Stephen Miller \$11,402.67; D. Manterola (for Echeverría) \$22,748.4; C.de Luchet, \$65,427.11; B. Maqua, \$121,878.81; Fredrick Montgomery \$116,728.02; W.Mackintosh \$3000; M. Mead \$119,728.2; M.Moreda \$22,805.34; and J.B.Jecker \$2,624.02. Total claims amounted to \$1,149,469.25. See 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 185.

sold tobacco bonds belonging to Benito Magua Tobacco Company which had given up its monopoly on tobacco sales in 1841. The Mexican government agreed to pay its debt to this company with the funds set aside by the above decree. It therefore issued bonds, and thus the House of Martínez del Río Brothers acquired some of these new bonds.<sup>17</sup> The latter British house thus came to receive a part of the funds assigned to these new tobacco bonds.

The House of Martínez del Río were however not pleased with the government arrangements to pay this debt to those who acquired these bonds. The House therefore opposed the decree of May 11, 1843 and appealed to the Supreme Court to force the government to revert to the decree of November 12, 1843 relating to the tobacco monopoly. The Supreme Court ruled in their favour on October 28, 1846, and as a result the Mexican Secretary of Finance, Antonio Haro Tamariz, arranged on November 11 to pay the amount due to this House.<sup>18</sup>

Unfortunately the outbreak of the American-Mexican war of 1846 forced the government to suspend all payments on the debts. It was forced to utilise all the available funds to meet its war efforts and the day to day running of the administration. Payments to foreign claimants could not be paid before the end of 1848 as a result of the American occupation of Mexico and her blockade of

17 Manuel Payno, Mexico and Her Financial Questions .... p. 79

18 Edgar Turlington, Mexico and Her Foreign Creditors, Columbia University Press, New York, p. 101. The Supreme Court ruled that the Mexican Government was bound to pay 35,000 pesos a month for the redemption of these tobacco bonds, but that "a prudent arrangement ought to be made" in view of the war with the United States which was still in progress.



Mexican ports. Mexican defeat and the blockading of her ports thus destroyed her source of revenue.<sup>19</sup>

On 18 August 1848 the tobacco monopoly passed to Manuel Escandon, Miguel Bringas, and Manning and Mackintosh. These companies agreed to deliver to the Mexican government 20% of their tobacco sales, and on 28 January 1849 this government share was assigned to clear the Martínez del Río's debt. As holders of a considerable part of the tobacco bonds, the House was to receive \$16,000 a month.<sup>20</sup>

A compensation of \$2,745,000 in tobacco bonds and \$717,000 in bonds of internal debt were added by the Secretary of Finance Sr. Piña y Cuevas to the fund of 26% assigned to the claimants of this tobacco debt. This compensation was as a result of the claimants not being paid during the American occupation.<sup>21</sup> The Martínez del Río Company were not pleased with this arrangement, and therefore demanded that their debt be settled by the \$15 million indemnity paid by the United States to Mexico by the Guadalupe Hidalgo treaty. When the Mexican government refused to meet their demand, they appealed to the British legation for help. This thus resulted in the signing of a new convention which was concluded on 4 December 1851 by Percy William Doyle, the British Chargé d'Affaires, and José Fernando Ramírez, the Mexican Secretary of Foreign Affairs, ad interim.<sup>22</sup>

19 Manual Payno, Mexico and Her Financial Questions, . . . . p. 87

20 Manuel Payno, Mexico and Her Financial Questions, . . . . p. 80

21 Manuel Payno, Mexico and Her Financial Questions, . . . . p. 80

22 See "The Doyle Convention, signed December 4, 1851" in 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 192.

The Doyle Convention, 1851

This new convention covered the former conventions entered with Richard Pakenham, agreements entered with the House of Martínez del Río Brothers and the House of Montgomery, Nicod and Co. It was agreed that all the claimants should be paid within thirty days.<sup>23</sup> The Mexican government agreed to pay yearly a sum of 5% for the purpose of clearing the capital of this consolidated fund. An interest of 3% was charged on it, being calculated on the gradual decrease of this debt.<sup>24</sup>

It was agreed that payments were to take place through a Commissioner appointed by the creditors. These payments were to be made after every six months. The 5% and 3% interests agreed were to be increased by a further 1% respectively after a duration of five years. Interest and redemption were to be paid by 12% from the import duties of the maritime custom-houses.<sup>25</sup> A sum of \$411,434 of interest overdue was capitalised, and the capital of this new convention thus amounted to:

Bonds of the extinct tobacco company	\$2,745,000
Bonds of the common 26% fund	717,000
Capitalised interest	411,434
	<hr/>
Total	3,873,434 <sup>26</sup>
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23 "The Doyle Convention", Article 1, in 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862 p. 195

24 Ibid., Article II, p. 195

25 Ibid., Article III and V, p. 195-196.

26 Manuel Payno, Mexico and Her Financial Questions ..... p. 79



It was further agreed that this convention should be nullified in the event of delay or suspension of payments. Once this convention was nullified, creditors were to acquire the rights granted to them by the previous conventions.<sup>27</sup> This tough stipulation was included into this convention in an effort to force the Mexican government to pay its creditors regularly. It however failed to take into account both the deplorably bad state of the Mexican treasury, and the lack of peace and stability in the country.

The hardships experienced by the Mexican government made it impossible for her to fulfil all the payments to claimants. In an effort to prove its willingness to meet its commitments to the claimants, the Mexican government added 3% to the 12% agreed on October 4, 1852. However the increase of revolutionary movements against the government resulted in the meagre funds available being channelled towards crushing revolts, and thus making it impossible for the government to meet its commitments to the British claimants.<sup>28</sup>

The government therefore agreed to sign a sub-convention on November 27, 1852 with the British Charge d'Affaires, Percy William Doyle. The Mexican Secretary of Foreign Affairs, M. Yañez, agreed to assign a further 3% of the import duties to the liquidation of the English convention. These import duties were to be collected from the maritime custom-houses of Vera Cruz, Tampico, Acapulco, Manzanillo, Altata and Guaymas, and from San Blas and Mazatlan in the west as

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27 "The Doyle Convention", in *Correspondence Related to the Affairs of Mexico*, Parliamentary Papers, Vol. LXIV, 1862, Article VII, p. 196.

28 See 'Correspondence Related to the Affairs of Mexico, No. 43 enclosure 3, "Sub-Convention, signed by Mr. Doyle, November 27, 1852", in Parliamentary Papers, Vol. LXIV, 1862, p. 189-190.

soon as these two last ports returned to the submission of the federal government. The 3% agreed was to cease as soon as the deficit was cleared.<sup>29</sup>

#### The Otway Convention, 1858

On August 10, 1858 the British minister Charles F. Otway entered into another convention with the Mexican Secretary of Foreign Relations, J.M. de Castillo y Lanzas to settle claims outstanding from the 1851 convention.<sup>30</sup> Martínez del Río Brothers, the agent of British claimants, claimed payments for "losses and injuries" sustained by them in the consequence of the Mexican government failure to pay their large debt punctually.<sup>31</sup>

This new convention increased the rate of interest from 3% and 4% to 6% respectively. Payments were to be made out of 16% of the import duties of maritime custom houses assigned to settle these claims.<sup>32</sup> The Mexican government agreed to pay the claimants as soon as it was in a position to do so.

#### B. THE STATE OF POLITICAL AFFAIRS IN MEXICO, 1845-1859

It is important to look at the state of political affairs in Mexico if we are to understand why Mexico failed to meet its commitments to the British claimants. Civil wars, political anarchy and revolts drained revenues, disrupted the Mexican economy, and

29 "Sub-Convention, signed by Mr. Doyle, November 27, 1852", in 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 190. Payments were to begin on 4 December 1853.

30 "The Otway Convention, signed August 10, 1858", in 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 190-192.

31 Ibid., p. 190-191

32 Ibid., Article III, p. 191



increased foreigners' grievances against mistreatment, injury to their lives and confiscation of their property.<sup>33</sup> Lack of enough funds to contain the various revolts, and the need to maintain security (law and order), resulted in the Mexican government raising funds through an increase of custom duties, tax on capital and forced contributions on all merchants. The extent and intensity of political revolts also made it impossible for the government to offer protection to foreigners who were being forced by revolutionary groups to make forced contribution.

In the mid 1850's conservative revolutionary groups tried to overthrow the Liberal government of Juan Alvarez, which had radical ministers like Benito Juárez who introduced the "Ley Juárez" abolishing clerical immunities. The law restricted the jurisdiction of the ecclesiastical courts to religious cases only. It also deprived the army many of its privileges.<sup>34</sup> This law therefore created much opposition from the conservatives whose privileges it challenged, and as a result the president, Juan Alvarez was forced to resign.<sup>35</sup>

33 See 'Correspondence Respecting British Claims on Mexico', Parliamentary Papers, Vol. LXIV, 1861, p. 200-299.

34 Wilfred Hardy Calcott, Church and State in Mexico 1822-1857, p.238-239. This law was announced to the Mexican nation on November 23, 1855. Article 42 of this law suppressed all special tribunals except those of the church and the army. Jurisdiction of military courts was restricted to cases arising out of military crimes. It was clearly indicated that church courts would soon cease to have any civil power whatsoever. Article 44 provided that the ecclesiastical privileges (fueros) could be renounced.

35 The abolition of fueros (privileges) angered the clergy. Article 44 was also opposed in that they argued it defeated justice by placing the Court at the disposition of the criminal and not the criminal at the disposition of the court, since by renouncing his fuero or not an accused ecclesiastic could choose a civil or ecclesiastical court at will. Furthermore, the application of Canon law was no longer guaranteed, for the law was only applied by Church Courts. They also claimed that the law did not respect and protect the dignity of the Church and Priesthood, for any clerical disgrace would now become a public scandal.

General Comonfort, the new president, appointed a moderate cabinet in an effort to save his government by pleasing these affected groups. This measure however did not save the Liberals for in January 1856 open revolts broke out in Puebla where the clergy bitterly opposed the 'Ley Juárez'. These revolts that lasted until March cost the government one million pesos.<sup>36</sup>

The Bishop of Puebla opposed the government attempts to force the region to pay the cost of containing the revolt. This refusal lead to his expulsion, and to a show down between the government and the Church. The government attacked the wealth of the church in an effort to weaken it. The Lerdo law of 25 June 1856 abolished the ownership of all urban and real estate belonging to the Church and civil corporations.<sup>37</sup>

These properties were then assigned to the respective tenants and lessees, for an amount resulting from the capitalisation of the actual rent at 6%. The new owners of these properties were to owe the capital value of the property, secured by its mortgage, to the Church Corporation and they could redeem at their convenience all or part of the debt any time. The rent paid, the government ruled, was to become interest on the capital.<sup>38</sup>

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*Social and Economic Aspects of the Liberal Revolution 1856-1875,*

36 Jan Bazant, Alienation of Church Wealth, Cambridge University Press, Cambridge, England, 1971, p. 114 President Comonfort blamed the Church for this rebellion, and as punishment, he decreed the attachment of clerical property in the bishopric of Puebla. This action resulted in the people of this region being anti-liberal.

37 Jan Bazant, A Concise History of Mexico, Cambridge University Press, Cambridge, 1977, p. 71. Clerical Corporations included schools, colleges, monasteries and nunneries and brotherhoods.

38 Ibid, p. 72



This measure was political in that the liberals hoped to weaken the powerful Church and at the same time win the support of the masses. The strategy somehow did not work, especially in the rural areas where the population owed allegiance to the Church. Many people simply refused to own these properties in the fear that if the liberals lost in elections or were overthrown, they would lose whatever gains they had. The strategy somehow appears to have been successful in Urban and City Areas where the liberals had support.<sup>39</sup>

In February 1857 the liberals further undermined the Church by abolishing clerical and military communities. This law was incorporated into the new Constitution which also included the 1856 Lerdo law. The Constitution proclaimed that ecclesiastical and civil corporations could not own land at all.<sup>40</sup>

These measures intensified both Church and army opposition to the liberals as the two groups felt that the government was undermining their social and economic interests. The withdrawal of army immunities consequently led to the revolt of the conservative faction of the army. As a result of chaos in Mexico City the government was overthrown by the conservatives led by General Zuloaga who became the new Mexican president in January 1858.<sup>41</sup>

The liberals, believing that they were the rightful government according to the Constitution, established their 'government' under

39 Ibid, p. 75

40 The new Constitution included the Juárez law which abolished clerical and military communities and incorporated the Lerdo law. The last measure was aimed at winning support in the rural areas where the Conservatives dominated.

41 Wilfrid Hardy Callcott, Church and State in Mexico, 1822-1857, Octagon Book, 1971, p. 317.

Benito Juárez. This measure saw the outbreak of a prolonged civil war between the two factions to determine who were the rightful rulers of Mexico.<sup>42</sup>

The conservatives who pushed the liberals out of Mexico City abolished the Lerdo law and returned ecclesiastical property to the Church. In return the latter gave the conservatives a loan of one and a half million pesos. The conservatives grew from strength to strength so that by May they were able to push the liberals into the state of Vera Cruz. The liberals thus set their government at the port of Vera Cruz under the protection of the liberal governor of that state, General Manuel Gutierrez Zamora.<sup>43</sup>

After 1858 the civil war became more destructive and cruel. As Mexico became torn by faction and strife, foreigners became prey of the different revolutionary groups. Many of the revolutionary armies imposed taxes on foreign businessmen, harassed them, and confiscated some of their properties. Many of their convoys to the coast were over taxed and even attacked and funds confiscated.<sup>44</sup>

Though the British government maintained that its policy was of non interference and of not identifying with any of the political factions, yet Charles F. Otway, the British Minister, recognised the conservatives. This British recognition was based on the fact that the conservatives held the capital.<sup>45</sup> Otway also favoured the conservatives and was latterly to help them in their effort to secure foreign intervention. The British ministers collected petitions

42 Conservative strongholds were in the state of Puebla, Mexico and Querétaro while the Liberals held the peripheral areas.

43 Jan Bazant, A Concise History of Mexico, Cambridge University Press, Cambridge (England), 1977, p. 78.

44 Daniel Dawson, The Mexican Adventure, G. Bell & Sons Ltd. London, 1935, p.3.

45 R.B. Chapman, British Relations with Mexico 1859-1862, B.Litt.Thesis, Oxford, 1936, p. 22.



from the Conservatives and appealed to the British government to intervene.<sup>46</sup>

As the civil war intensified British complaints increased as lack of political stability and proper government led to the frequent suspension of payments, seizures of sums collected on behalf of the London Bondholders, appropriations of British residents' properties, false imprisonment and conscriptions by force of British subjects into the armies of the different factions.<sup>47</sup>

Charles F. Otway became convinced that these claims could only be paid by the establishment of an efficient government in Mexico, with the help of a foreign power. He therefore urged his government to intervene to save her commercial interests. It was his belief that:

A foreign intervention, or even conquest, would be a matter of very easy accomplishment. The great body of the nation, including almost all the wealthy classes, is favourably inclined to such a change, and a British or Anglo-French intervention would be preferred to any other .....<sup>48</sup>

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46 Carl H. Bock, Prelude to Tragedy. The Negotiation and Breakdown of the Tripartite Convention of London, October 31, 1861, University of Pennsylvania Press, Philadelphia, 1966, p. 51.

47 Daniel Dawson, The Mexican Adventure, G. Bell and Sons Ltd., 1935, p.5.

48 F.O. 50/323 Charles Otway to Lord Malmesbury, Mexico, August 2, 1858.

The British Foreign Secretary, Lord Malmesbury was opposed to any suggestions of foreign intervention in Mexico, though he sympathized with the Mexicans in their troubles. He regarded the annexation of Mexico as an embarrassment, if not a misfortune for Britain which already had an enormous empire.<sup>49</sup>

Otway, however, continued to urge for intervention and pleaded that:

Will the great nations of Christendom stand aloof and see perish or revert to barbarism one of the fairest and richest countries on the face of the globe, when the means of saving it are so easy, the cause so noble, so just and so honourable to the ego, when the aid required is so insignificant, and when there will be no sacrifice either of men or of money.<sup>50</sup>

These appeals fell on the deaf ears of the Foreign Secretary, but Otway continued to urge for intervention arguing that Mexicans were not capable of establishing order and tranquility. Lord Malmesbury refused to intervene for he wanted to keep Britain off Mexico's internal affairs. However, as things deteriorated badly by 1859, the British Foreign Secretary began to entertain the idea of foreign intervention by foreign countries which had interests at

49 F.O. 50/319 Lord Malmesbury, Foreign Office (London), to Charles Otway, September 16, 1858.

50 F.O. 50/325 Charles Otway to Lord Malmesbury, Mexico, December 3, 1858. Charles Otway was a notorious supporter of the clerical (conservative) party who blamed the Liberals for the anarchy that existed in Mexico. Since the conservatives were not in control of the Mexican government, he believed that what was required "to convert this miserable mass of anarchy and crime into a region of contentment and happiness (was) a foreign intervention." See F.O. 50/330 Charles Otway to Lord Malmesbury, Mexico, 29 January 1859.



stake in Mexico. He was convinced that:

If any measures could be taken by all the powers who are most concerned in the re-establishment of a stable order of things, the necessary of the case might justify the powers in restoring to them.<sup>51</sup>

The British government came under heavy pressures from its merchants to intervene in order to save their economic interest. These merchants pleaded for British intervention in order to secure redress for injuries and property confiscated. They flooded the foreign office with petitions and lists of claims ranging from forced loans to murder.

The British government refused to intervene arguing that this course of action was not a cure to the chronic ills of Mexico.<sup>52</sup> It was however prepared to make Mexico an exception to the rule on non-intervention if things deteriorated further than this. It would then intervene from the "motives of humanity" in order to establish a better order of things.<sup>53</sup>

51 F.O. 50/329 Lord Malmesbury to Charles Otway, Foreign Office (London), January 7, 1859. Lord Malmesbury was only prepared to support intervention if it was a joint one with countries like France, Spain and the United States which also had similar grievances against Mexico.

52 F.O. 50/329 Lord Malmesbury to Charles Otway, Foreign Office (London), February 14, 1859. Lord Malmesbury held that no settlement of affairs could be satisfactory or permanent if it did not originate from the good sense and patriotism of the Mexican people themselves. He further maintained that foreign intervention would render Mexicans less able to manage on their own.

53 Ibid.

C. AGREEMENTS ENTERED INTO WITH THE CONSTITUTIONAL AUTHORITIES OF VERA CRUZ, BY CAPTAIN DUNLOP, R.N., AND BY CAPTAIN ALDHAM, R.N., RELATIVE TO THE CLAIMS OF BRITISH BOND HOLDERS ON MEXICO - 1859

Though the British government recognised the conservative government established at Mexico City, Charles Otway was instructed to enforce the whole of the British claims at the headquarters of the Constitutionals (the Liberals) at Vera Cruz, and at Tampico.<sup>54</sup> This measure was adopted because these ports were the only spots from which the British Navy could effectively enforce payments.

Charles Otway did not hesitate to call on the British Navy which was authorised by the Foreign Office to enforce redress. He instructed Commodore Dunlop to take a very tough stand against the liberal 'government' if it refused British proposals for redress.<sup>55</sup> Otway who favoured the Conservatives called on Dunlop to blockade the ports of Vera Cruz and Tampico in order to bring the liberals into submission. He believed that force alone could make the liberals accept the responsibility of paying British residents with grievances and the London Bondholders.

Otway gladly submitted to Captain Fredrick a first list of claims amounting to more than a million dollars.<sup>56</sup> He was however not satisfied with this measure, and he therefore continued to call for foreign intervention as the only means "to convert this miserable mass of anarchy and crime into a region of contentment and happiness."<sup>57</sup>

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54 R.B. Chapman, British Relations with Mexico, 1859-1862, B.Litt Thesis, Oxford, 1936, p. 21.

55 F.O. 50/330 Charles Otway to Lord Malmesbury, Mexico, January 4, 1859

56 R.B. Chapman, British Relations with Mexico, 1859-1862, B. Litt. Thesis, Oxford, 1936, p. 27.

57 F.O. 50/330 Charles Otway to Lord Malmesbury, Mexico, 29 January, 1859.



Captain Dunlop of H.M.S. Tartar and Commander of the British naval forces in the Gulf of Mexico, laid before the chief authorities of the Constitutional party at Vera Cruz grievances which the British government required them to redress. He addressed two letters on 31 December 1858 and 1 January 1859 to the Governor of Vera Cruz, Manuel Gutiérrez Zamora. The liberals agreed to remove "the just indignation with which Her Majesty's Government ha(d) viewed the frequent infringement of the rights of British subjects in Mexico, and to bring this question of grievances to a prompt and satisfactory termination."<sup>58</sup>

Captain Dunlop submitted British demands to Señor Gutiérrez Zamora on 24 January, 1859. He demanded that a representative of British creditors, to be named by the British minister in Mexico, be appointed at each of the custom houses under the control of the Liberals. The duty of the representative was to ensure the punctual and full payment of the assignments to the British creditors.<sup>59</sup> He demanded the following allocation to the creditors: 16 per cent of the custom duties for the Diplomatic Convention Debt; and 25 per cent for the Mexican Bondholders in London. He requested that the representative of the creditors should have access to the custom houses books and papers, and the right to call for a written explanation for any matter that affected the creditors interests. He also requested that an exact account be given to the British Consul within 15 days of the British Convention assignments for the year 1858.<sup>60</sup>

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58 Captain Dunlop, RN to Señor Zamora on board H.M.S. Tartar, off Sacrificio, January 24, 1859, No. 1, in British and Foreign State Papers, (1858-1859), Vol. 49, p. 1254.

59 Ibid, Article I.

60 Ibid, Article II

He requested that a monthly statement of the liquidation of the British convention assignments at the custom house of Vera Cruz be given to the British Consul in that city.<sup>61</sup> He further requested that the Liberals promise a similar monthly statement from other ports be sent to the Consul or his representative. Dunlop proposed that all arrears on the British debt should be cleared, or an additional assignment of 10% on the free customs revenue be set aside until the entire arrears both of interest and sinking fund are paid.<sup>62</sup>

Captain Dunlop demanded the immediate payment of \$7000 due to the London Bondholders. He also demanded that the Liberals insisted upon the assignments to the British creditors being punctually and fully paid at Tampico to the agent of the creditors. He insisted that in case of failure the sum should be paid at Vera Cruz.<sup>63</sup>

Captain Dunlop further demanded that a decree be published in the "Gazettes" of Vera Cruz and Tampico severely censuring the conduct of Don Juan José de la Garza, the Governor of Tamaulipas whose orders led to the illegal and violent treatment of Messrs. Jolly and Hazeron, British subjects at Tampico.<sup>64</sup> He further demanded that a formal assurance be published in the same "Gazettes" that in future the Treaty between the two countries would be formally and scrupulously observed, especially to that part which relates to the protection of British subjects.

61 Ibid, Article III

62 Ibid, Article V

63 Ibid, Article VIII

64 Captain Dunlop R.N. to Señor Zamacona, on board H.M.S. Tartar, Off Sacrificio, January 24, 1859, in British and Foreign State Papers, (1858-1859) Vol. 49, Article IX, p. 1255.



He demanded that the sum of \$10,000 extorted from Messrs. Jolly and Hazeron, and an additional sum of \$2,500 as indemnity to Hazeron for the treatment he received, be immediately paid to the British Consul at Vera Cruz. His seventh proposal required that:

should the Party now in possession of Vera Cruz be regularly recognised by the foreign powers as the supreme government, the articles preceding shall form the basis of a Diplomatic Convention.<sup>65</sup>

The Liberals acceded to all these demands for the redress of British subjects, with the exception of his first and fifth demands. Captain Dunlop was however, prepared to modify the two articles. The Liberals opposed the first article because they feared that the appointment of a representative of the British creditors would be humiliating to their dignity. It was their argument that it would imply that they were being suspected of falsifying statements. They however promised to give British consuls every assistance concerning these statements. Captain Dunlop, satisfied with this promise, dropped his first demand.<sup>66</sup>

He also modified the fifth Article and accepted 8% on the free revenue received from all vessels (except French) until such a time as French arrears shall in like manner be paid. After the liquidation of these fresh arrears, 10% was to be charged on all vessels except French which were to start paying after the liquidation of the French Convention Debt.<sup>67</sup>

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65 Captain Dunlop, R.N. to Señor Zamacona, on board H.M.S. Tartar, Off Sacrificio, January 24, 1859, in British and Foreign State Papers, 1858-1859) Vol. 49, Article 12.

66 Captain Dunlop, R.N. to Señor Zamora, on board H.M.S. Tartar, off Sacrificio, February 2, 1859 in British and Foreign State Papers, (1858-1859) Vol. 49, p. 1255.

67 Ibid, p. 1256

As Messrs. Jolly and Hazeon had their money refunded except for \$4,453, Captain Dunlop demanded the rest of the sum be paid by March.<sup>68</sup>

Upon the acceptance of these terms the two parties signed this agreement on February 3rd, 1859. Default in payments resulted in another agreement in December 1860 by Captain Aldham, Dunlop's successor, with the yet unrecognised liberal government at Vera Cruz.

Señor Ocampo, the liberal secretary of foreign affairs proposed to Captain Aldham the following terms for payment of Convention and loan interest and arrears. An additional 10% from all vessels to be assigned at the custom houses of Vera Cruz and Tampico, to repay the sums withheld in both parts during that year. This 10% was to cease as soon as the arrears were cleared. Payments for the British claims were to begin from January 1, 1861 except for the 10% which was to commence a month later.<sup>69</sup> Half of this interest was assigned to the London Bondholders.

The Liberal government also promised not to tolerate in future the violation of this or the Dunlop 'convention' and to remove from office any officer or public employee who should attempt to infringe these arrangements. On Captain Aldham's acceptance of these articles, the Aldham 'convention' was thus concluded.

68 Ibid, p. 1257

69 "Terms agreed upon between Captain Aldham, R.N., and Señor Ocampo, for payment of Convention and loan interest and arrears (Translation), " in British and Foreign State Papers, (1858-1859) Vol. 58, p. 1260-1261. See also F.O. 97/280 Foreign Office Memorandum dated 6th June, 1862.



The only loophole in the Dunlop and Aldham agreements was that they were not conventions, but merely contained a promise to convert the terms of the Dunlop agreement into a convention once the liberal government recaptured the capital and was recognised by Britain.<sup>70</sup> Lord Russell however held in 1861 that:

As a result of the constitutional government, while established at Vera Cruz, entered into convention with Captain Dunlop, and being confirmed and extended by the arrangement lately made by Captain Aldham, the claims of the bondholders, therefore, to the extent provided for in the arrangements, have acquired the character of an international obligation thus contracted.<sup>71</sup>

#### D. BRITISH RECOGNITION OF THE LIBERAL GOVERNMENT

##### The Recall of Charles F. Otway

When the government of Lord Derby in Britain was replaced by that of Lord Palmerston in June 1859, Lord Russell was appointed as Foreign Secretary. The British government's policy of non-intervention continued to be enforced, and one of the first acts

70 Carl H. Bock, Prelude to Tragedy. The Negotiation and Breakdown of the Tripartite Convention of London, October 31, 1861, University of Pennsylvania Press, Philadelphia, 1966, p. 62 and 473.

71 Lord J. Russell to Sir Charles Wyke, Foreign Office, March 30, 1861 in 'Correspondence relating to the Affairs of Mexico', No. 1, Parliamentary Papers, Vol. LXIV, 1862, p. 107-110. In 1861 the Juárez government refused to recognise these Agreements as Conventions. Technically the Mexican government was right for they were not signed with a recognised government. It was only agreed that if Juárez should be recognised by the British, then the articles should form the basis of a Convention.

of the new Foreign Secretary was to recall Charles F. Otway. The British Foreign Secretary found it necessary to replace his minister in Mexico because Otway's name had been so much mixed up with the civil contentions in that Republic.<sup>72</sup>

George B. Mathew, who replaced Otway, considered the recognition of General Miramón's government as being tantamount to upholding all that was hostile to British feelings and interests. He believed that his conservative government opposed everything that tended to human progress and incidentally British commercial interests. He was in favour of recognition of the Juárez government which was prepared to protect British interests and acknowledge legitimate claims for redress.<sup>73</sup>

Lord Russell believed that outrages committed against British subjects could only cease with the end of the civil war. He therefore instructed Mathew on January 24, 1860 to offer mediation of Great Britain to the two contending factions.<sup>74</sup> Mathew tried all in vain to reconcile the two sides. His proposals for an armistice of six to twelve months to be followed by an election of a national assembly, was turned down by the conservatives.

Lord Russell's proposal of a joint mediation by France, Spain and Britain with the co-operation of the United States was

72 F.O. 50/329 Lord Russell to Charles Otway, Foreign Office, August 1, 1859. George B. Mathew, the Secretary of the British legation was appointed as *Chargé d'Affaires* to replace Charles Otway until a successor had been nominated.

73 F.O. 50/334 George B. Mathew to Lord Russell, Mexico, 12 October 1859.

74 F.O. 50/342 Lord Russell to George B. Mathew, Foreign Office, London, 24 January 1860.



also turned down by the latter.<sup>75</sup> By August 1860 Lord Russell appears to have given up his proposals for mediation. His peace plan having failed, and grievances remaining unsettled by the conservatives, he decided to suspend relations with the Miramón Government.<sup>76</sup> Mathew was instructed to withdraw from Mexico City to Jalapa with the whole of his mission staff, except the Consul who was to remain behind and look after the interests of British residents. The British government decided to keep aloof from both factions. It was not prepared to consent to the resumption of relations with the Republic unless a stable government was established or a provisional arrangement that might appear likely to lead to such a result, was made.<sup>77</sup>

As the civil war became intensified, the two factions ran out of funds. The liberals on 18 September seized by orders of General D. Santos Degollado a 'conducta' of silver from Guanajuato and San Luis Potosí to Tampico. This conducta seized at the 'Laguna Seca Hacienda' in San Luis Potosí contained some funds belonging to British merchants amounting to between £80,000 and £100,000.<sup>78</sup> On the following day General Ignacio, Echeagaray delivered the funds

75 Carl H. Bock, Prelude to Tragedy. The Negotiation and Breakdown of the Tripartite Convention of London, October 31, 1861, University of Pennsylvania Press, Philadelphia, 1966, p. 57. The United States turned down the request because they had recognised the liberals who they favoured. It was therefore unwilling to take a step which would appear to discredit the liberals or put them on the same level as their opponents. She was also opposed to any European interference in the affairs of Mexico.

76 Lord John Russell to Mathew, Foreign Office, August 24, 1860, 'Correspondence Respecting British claims on Mexico', Parliamentary Papers, Vol. LXV, 1861, No. 1, p. 265-266.

77 Ibid.

78 George B. Mathew to Lord Russell, Mexico, 28 September 1860, op.cit. p. 266.

from this 'conducta' to the Commissariat to the value of \$1,127,414.77. This money belonged not only to British merchants but also to French, Spanish, Mexican and German businessmen. A day later \$400,000 was repaid to Chabot Brothers, British merchants at San Luis Potosí, and the rest of the money was used to pay the Liberal army.<sup>79</sup>

General Degollado promised Consul Glennie who appealed for the British merchants, that he would refund the money in San Luis Potosí.

The conservatives on the other hand broke into the former residence of the British minister in Mexico and confiscated funds deposited on behalf of the London Bondholders.<sup>80</sup> The owners of the funds appealed to Lord Russell to intervene on their behalf to secure these funds, or to have the British government compensate them for the money that had been confiscated in the premises of the British legation. The British government was however not prepared to use force to secure payments to these claimants, or bring about a government in Mexico that would respect British persons and their property. He however promised the Bondholders that he would use his influence to see such a government established.<sup>81</sup>

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79 Manual Payno, Mexico and Her Financial Question with England, Spain, and France. Report by Order of the Supreme Constitutional Government of the Mexican Republic, Mexico, Printed by Ignacio Complido, Mexico Mexico, 1862, p. 110. Payno argues that prompt resources were needed to pay salaries to soldiers who would have otherwise disbanded and over-run the country committing every class of excesses against Mexicans and foreigners.

80 G.B. Mathew to Lord Russell, Jalapa, 29 November 1860, 'Correspondence Respecting British Claims on Mexico', Parliamentary Papers, Vol. LXV, 1861, No. 9, and enclosures, p. 275-290. General Márquez forced his way into the British legation, No. 11 Capuchines Street and ordered Charles Whitehead, the agent of the London Bondholders to deliver \$200,000. The Spanish Ambassador in charge of British interest interfered in vain to save the Bondholders' funds. The conservatives ended up seizing \$660,000 to pay their soldiers.

81 Lord Russell to G.B. Mathew, Foreign Office, December 12, 1861, op.cit., p. 290. The British government was convinced that redress could only be obtained if a government which respected foreigners and their property was established in Mexico. It however refused to intervene to bring such a government because of its non-interventionist policy. It desired to see Mexico free and independent regulating its own affairs and maintaining internal peace, and discharging its international obligations.



Lord Russell believed that nothing other than the marching of British troops into the capital would force the Miramón government to repay the \$600,000 confiscated at the British legation. He therefore decided to hold the Republic of Mexico responsible. This conservative action angered the British government so much that it decided to open negotiations with the liberals. The British were prepared to recognise the liberals, if they accepted the responsibility of paying the \$660,000 confiscated from the British legation by the conservatives and to settle other pending claims.

On January 11, 1861 the Liberals recaptured Mexico City, and their government was soon recognised by the United States and Prussia. George B. Mathew sent from Jalapa conditions for British recognition of the liberal government. He demanded in February the prompt payment of the \$660,000 reparation, within four months, for the Laguna Seca 'conducta', and appropriate apologies.<sup>83</sup> On February 19 he accepted in Mexico City a Mexican pledge acknowledging his demands. The Liberals, however, refused to accept the responsibility for the British Legation 'robbery', but agreed to refer the matter to the Mexican courts. They also promised Mathew that they would be prepared to negotiate further if the money from this 'robbery' was not recovered from the actual men responsible for the action. The British minister accepted this Mexican offer to prosecute the men responsible for the legation 'robbery', and was totally convinced of the sincerity of the Liberal government's offer to settle British claims.<sup>84</sup>

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<sup>83</sup> Ibid

<sup>84</sup> George B. Mathew to Señor Zarco, 8 February 1861, Summarized by Señor Zarco's letter to Mathew dated 12 February 1861, Mexico, in 'Correspondence Respecting British Claims on Mexico', Parliamentary Papers, Vol. LXV, 1861 enclosure 1 in despatch No. 23, p. 327.

Lord Russell approved the above negotiations and as a result the liberal government was recognised by Britain on 26 February 1861. Señor Zarco, the Mexican Secretary for Foreign Affairs, promised Mathew that his government would meet legitimate British claims "in any manner that the deplorable financial conditions of Mexico would admit."<sup>85</sup> He further proposed that unrecognised claims should be settled by a mixed commission, and promised to assign to the payment of British claims "that part of the national revenues that (could) be disposed of reserving only what was absolutely necessary for covering the estimated expenditure."<sup>86</sup>

Sir Charles Wyke, who replaced Mathew as the new British Minister was instructed by Lord Russell to abstain from taking sides in the internal politics of Mexico. He was to give his earliest attention to the question of British claims. Unfortunately for Wyke, two days after his arrival in Mexico on 9 May 1861, the whole Mexican Cabinet resigned and Congress deprived President Juárez of his extraordinary powers.<sup>87</sup> The new Mexican Secretary of Foreign Affairs, León Guzmán refused to discuss with Wyke the question of the British Legation 'robbery'. Wyke became convinced that Mexico was not prepared to settle British claims due to lack of funds caused by the poor state of finance. Furthermore the new Mexican constitution did not give the federal government the power

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85 F.O. 50/352 G.B. Mathew to Lord Russell, Mexico, No. 26, 5 April 1861.

86 Senor Zarco to Mathew, National Palace, 27 March 1861, enclosure 2 in F.O. 50/352 G.B. Mathew to Lord Russell, Mexico, No. 26, 5 April 1861. By April 1861 a total of 84 claims totalling \$18,583,187 were received by Consul Glennie from British subjects in Mexico. See Appendix III for details. The Juárez government agreed to prosecute those responsible for the killing of the British Vice Consul at Taxco, Edward Bodmer, and also to compensate his family.

87 Carl H. Bock, Prelude to Tragedy . . . . . p. 72.



to raise taxes. Wyke therefore became convinced that force alone could make the Mexicans acknowledge to pay British claims.

Wyke was angered by the refusal by the Juárez government to accept the responsibility for the payment of the \$660,000 'stolen' from the British legation. He was further angered by the decision made by the liberals to suspend payments to all her foreign creditors and claimants. The decree of 29 May 1861 suspended all payments for one year with the exception of the "Leguna seca" claims and diplomatic conventions, and on 7 July another decree suspended these payments for a period of two years.

Lack of enough funds made it impossible for the Mexican government to come to any form agreement with the British government. It could not even pay the whole amount due to the Leguna seca conducta. Guzmán therefore offered compensation in the shape of church property, and even the National Palace. He then appointed Sñrs. José M. Mata and Francisco Zarco as commissioners to treat with British claimants.<sup>89</sup>

Wyke refused all pleas of poverty, and refused to accept church property as compensation for fear that the remission of duties proposed might be confiscated by the conservatives when they came to power. He further feared that the remission of duties

88 F.O. 50/353 enclosure 5 in despatch No. 5, Presidential Decree, 29 May 1861.

89 Sñr Guzman to Wyke, Mexico, June 12, 1861, enclosure 2 in No. 11, Sir Charles Wyke to Lord Russell, Mexico, June 24, 1861, in 'Correspondence Relating to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 125. See also No. 11 p. 124-125.

proposed might be confiscated by the conservatives when they came to power. He further feared that the remission of duties proposed might be set aside at any time when the government was in need of funds. Wyke therefore believed that redress could only be obtained by blockading Mexican ports.<sup>90</sup>

By June 1862 the Civil War between the liberals and conservatives had intensified, and outrages were again committed against foreigners. The liberal government was faced with financial problems, such that it was not able to maintain peace and order. Jan Bazant claims that although in 1861 nationalised properties worth 16 million pesos were sold, only 1 million pesos were actually received in payments; the rest was compensated in credits, promissory notes and bonds.<sup>91</sup> The government tried to raise funds by other means but failed. It therefore passed the decree of 17 July suspending all payments to creditors. By Article 13 of the decree, the 'contra registro' (duty on consumption) all duties on foreign merchandise was increased from 20 to 40%.<sup>92</sup>

90 Ibid, p. 124-125

91 Jan Bazant, A Concise History of Mexico, Cambridge University Press, Cambridge, 1977, p. 84. George B. Mathew also pointed out that the crux of the difficulties was that the Juárez Government had no money either to pay obligations to foreigners or to put down the diehards reactionary chiefs who ravaged the country. The small percentage of church property realised went towards paying civil war debts. See F.O. 50/352 Mathew to Russell, No. 32, Mexico, Confidential, 12 May 1861.

92 Charles Wyke to Lord Russell, Mexico, No. 18 July 26, 1861 and enclosure No. 12, Wyke to Messrs. Graham and Company, and others, Mexico, 24 July 1861, 'Correspondence relating to the affairs of Mexico,' Parliamentary Papers, Vol. LXIV, 1862, p. 140-141 and 154.



Wyke gave the Mexican government on July 23, 24 hours to withdraw this decree or he would suspend diplomatic relations.<sup>93</sup>

Furthermore the British government demanded that commissioners be placed at Vera Cruz and Tampico to collect funds to pay British claimants. It also demanded that these men be given power to decree duties levied at the ports by half or a lesser proportion.<sup>94</sup> This measure was taken to protect British trade for merchants complained of the high taxes.

A last attempt to settle British claims was made by Charles Wyke and Manuel María Zamacona when they signed a convention on 21 November 1861. This convention specified that the sum still to be paid to the owners of the Leguna Seca 'conducta' as well as the \$660,000 should be made from an assignment made from 10% of the import duties.<sup>95</sup> This was to be taken from 'Majores Materiales' (additional duties); a rate of interest of 6% per annum to be charged on the \$660,000, and 12% on the Leguna Seca claim; and that all the Treaties, Conventions and Agreements concluded by the two countries,

93 Charles Wyke to Señor Zamacona, Mexico, 23 July 1861, enclosure 6 in Wyke to Lord Russell, op.cit. p. 149. Wyke suspended diplomatic relations on 25 after Señor Zamacona ignored his letter of 23 July. He suspended all official relations until his government adopts "such measures as they shall deem necessary under circumstances so unprecedented." Wyke was in favour of coercive measures and believed that it was only through the use of force could they force Mexicans to give up "a system of violence spoliation ...."

94 Lord Russell to Charles Wyke, Foreign Office, No. 38, 21 August 1861, Correspondence Related to the Affairs of Mexico, Parliamentary Papers, Vol. LXIV, 1862, p. 136.

95 Charles Wyke to Lord Russell, Mexico, November 25, 1861, Correspondence related to the Affairs of Mexico', Parliamentary Papers Vol. LXIV, 1862, p. 233-237. For the full text of the Convention see enclosure 3 of the same despatch, p. 238-240.

and the Decrees of 14 October 1856 and 23 July 1857 were to remain in force.

The Mexican Congress refused to rectify this Convention objecting to the articles that dealt with Leguna Seca claim, responsibility for the British legation robbery by the conservatives, and the powers granted to British Consuls.<sup>96</sup> On this refusal Charles Wyke demanded his passport, and on December 18 he left for Vera Cruz to find the port occupied by Spanish troops. The question of redress to foreigners was therefore left to be settled by coercive means when allied forces invaded Mexico in 1862.

Chaos in Mexico, caused by political instability, led to the accumulation of personal and property claims by foreign nationals. Conventions and Agreements were signed with the Mexican government in an attempt to settle British claims. However lack of funds, continued civil wars and the disorganisation of the administration made it difficult for Mexico to fulfil its commitments. "Diplomatic protests, the suspension or severing of diplomatic relations, the sending of naval forces to demonstrate before Mexican ports, and the signing of new agreements were the usual consequences of Mexican inability or unwillingness to stop defaulting" in payments to British subjects.<sup>97</sup>

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96 Charles Wyke to Lord Russell, Mexico, November 23, 1861, 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 245-6. Sir Charles Wyke had also demanded that British Consular agents of the Bondholders at the Mexican ports should be given the power to examine custom houses, books and papers and to call for ships manifest, bills of lading and all other documents, to ensure that proper payments were made. Congress considered this measure as an insult to the dignity of the Republic. Congress however abolished the law of 17 July 1861 on November 23 and ordered assignments to the Bondholders should be resumed, and arrears paid.

97 Carl H. Bock, Prelude to Tragedy, The Negotiation and Breakdown of the Tripartite Convention of London, October 31, 1861, University of Pennsylvania Press, Philadelphia, 1966, p. 444.



Throughout this period the British government maintained a policy of non-intervention, even though her ministers at different times called for intervention. Britain insisted upon keeping aloof from party factions, but unfortunately Charles Otway and Charles Wyke identified with and helped the Conservatives. Otway's involvement in the internal affairs of Mexico led to his recall by Lord Palmerston. George B. Mathew was very sympathetic to the liberals, but his support for the latter seems to have been based on genuine belief that they were determined to bring peace and stability, and honour their international commitments.<sup>98</sup>

Britain appears to have been more concerned with the fulfilment of claims to her subjects and less concerned with the understanding of the financial and political problems experienced by Mexico. It was Lord Russell's belief that Mexico just didn't want to honour its international obligations. On the contrary, the Republic was almost bankrupt for most of her revenues went towards paying foreign Bondholders, and the rest to meet its civil war commitments. This argument is very well supported by Jan Bazant who adds:

Although it seemed impossible, the Liberal régime had barely enough money to survive. European creditors waited in vain and felt cheated when the Juárez government suspended all payments in July.<sup>99</sup>

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98 F.O. 50/329 George B. Mathew to Lord Russell, Mexico, 12 October, 1859.

99 Jan Bazant, A Concise History of Mexico, Cambridge University Press, Cambridge, 1977, p. 84. About 77% of the revenue of Vera Cruz custom house, the chief port of the Republic, was assigned to British and French claims: 27% was assigned to the London Bondholders; 24% to the 'British Convention'; 10% to pay arrears; 10% to replace money confiscated during the civil wars at Guanajuato; and 8% for the French Convention.

Though Congress rejected the 1861 Convention it did however authorise the resumption of payments to British claimants, but lack of good communications with distant Britain made it impossible to stop the latter joining forces with Spain and France to demand settlement of claims by coercive measures.



## CHAPTER XI THE ALLIED INTERVENTION IN MEXICO, 1861-1862

On September 13, 1861 Spain suspended diplomatic relations with Mexico after the expulsion of her Minister, Joaquin F. Pacheco, from that Republic. It called upon Britain and France to join her in enforcing "redress for the intolerable wrongs inflicted upon their respective subjects by the anarchical governments which succeeded each other in (that) distracted country."<sup>1</sup> The Spanish press called for intervention, and saw the establishment of a monarchy in Mexico as the only solution for restoring peace in that anarchical state.<sup>2</sup>

Spain called upon Britain to join her in enforcing redress, urging that force alone would be likely to secure any results.<sup>3</sup> The British government regarded this move as premature. The British Foreign Secretary, Lord Russell, refused to support any plan which called for intervention in the internal affairs of Mexico, or the use of force to secure redress.<sup>4</sup> There was so much at stake for Britain to make any hasty decisions. There were economic interests to be protected in a country where Britain enjoyed a dominant position in the trade with that Republic. There were also huge investments in Mexico to be protected. Lord Russell

1 Sir J. Crompton to Russell, San Ildefonso, September 13, 1861, Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 161. The Spanish Minister was expelled because he was believed to have given active support to Miramón.

2 Ibid.

3 Ibid., and Earl Cowley to Russell, Paris, September 17, 1861, op.cit. p. 160.

4 Russell to Wyke, Foreign Office, 27 January 1862, op.cit., p. 154.

desired that if Mexico was to have a monarchy, then the choice was to be Mexican and not foreign.<sup>5</sup>

In an effort to secure British co-operation, Spain promised Russell that it was going to Mexico:

Not certainly with the view of conquest or exclusive advantage, but for the protection of our rights.<sup>6</sup>

It further held that it had more than once meditated the employment of force to obtain the satisfaction due to them in Mexico. It further pointed out that they had much rather act in concert with Britain and France. It would only be in the case of refusal of the two powers to co-operate with Spain that she would proceed to act alone.<sup>7</sup> It urged the joint co-operation of the three governments, pointing out that it desired a government chosen by the Mexicans, which would make itself respected and would scrupulously fulfil engagements taken with foreign powers.<sup>8</sup>

France was also desirous of working closely with Britain as far as the question of redress was concerned. M. Thouvenel, the French Foreign Minister, wished to furnish M. Dubois de Saligny, the French Minister in Mexico, with similar instructions as those sent to Sir Charles L. Wyke.<sup>9</sup> It was also anxious to seek the co-operation of Spain which possessed resources at Havana which would be useful for any intervention against Mexico.

5 Earl Russell to Earl Cowley, Foreign Office, September 30, 1861, op.cit. p. 164. Spain was in favour of establishing a monarchical form of government under the Mexican conservatives that would be pro-Spanish. It also had claims to be settled by Mexico. Spain was also angered by the liberal's non-recognition of the treaty signed on September 26, 1859 by General Almonte, the representative of General Miramón at Paris, and Alejandro Mon, the Spanish Ambassador at that capital. This treaty was for the settlement of Spanish claims on Mexico.

6 Sir J. Crampton to Russell, San Ildefonso, September 13, 1861, op.cit. p. 161.

7 Earl Cowley to Russell, Paris, September 17, 1861, op.cit., p. 160.

8 Ibid.

9 Earl Cowley to Earl Russell, Paris, September 5, 1861, op.cit. p. 159.



Though Spain desired the co-operation of the other two countries, it was determined to go ahead in case the latter turned down their offer. The Captain-General of Cuba, Francisco Serrano was instructed to make preparations for the invasion. The Cuban garrison was re-inforced by 4,000 troops thus raising Spanish Naval forces in the West Indies to 25,000.<sup>10</sup> It aimed to seize the ports of Vera Cruz and Tampico for the 'protection' of her interests in Mexico.

The United States was greatly alarmed by a possibility of a joint European invasion of her neighbour that it ordered her minister in Mexico, Thomas Corwin, to conclude a convention with the Mexican government. On September 2, Corwin was informed that President Lincoln had determined to authorise him to negotiate a treaty with Mexico for the assumption of the payment of interest at 3 per cent on the funded debt due to the European bondholders for a term of five years, on a pledge of reimbursement, with a 6 per cent interest, secured by a specific lieu on all public lands and mineral rights in Lower California, Chihuahua, Sonora and Sinaloa. The property so pledged was to become "absolute in the United States" at the expiration of six years from the time when the treaty should go into effect, unless the reimbursement had been made before that time.<sup>11</sup>

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10 Sir J. Crampton to Earl Russell, San Ildefonso, September 16, 1861, op.cit. p. 161.

11 Lord Lyons to Earl Russell, Washington, September 10, 1861, op.cit., p. 162. The United States was prepared to loan Mexico \$10 million. The American Secretary of State, William H. Seward refused to negotiate this treaty with Mexico as a result of the American Congress rejecting the Wyke-Zamacona Convention of 1861.

The Independence of Mexico was extremely important to the United States which was concerned with European intervention in the New World. The United States strongly opposed European intervention in the internal affairs of Mexico, and regarded the spread of European influence and dominance, and the plan to establish a monarchy in that country as a threat to the security of the American nation. Furthermore, the United States saw European intervention against Mexico as interference in her sphere of influence.<sup>12</sup>

Charles Francis Adams, the American Minister to London, informed Earl Russell in September that his government was considerably alarmed by the statements in newspapers with respect to an intervention which Great Britain, France, and Spain were supposed to be contemplating in Mexico with a view to organising a new government in that country. Such an intervention, and especially the active participation of Spain in it, would excite strong feelings in the United States and would be regarded as the kind of interference in the internal affairs of America to which the United States government had always been opposed.<sup>13</sup> There was a sort of understanding that so long as European powers did not interfere in America the United States might abstain from European alliances. If, however, a combination of powers were to organise a government in Mexico, the United States would feel obliged to choose its allies in Europe and to take its part in the wars and treaties

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12 Earl Russell to Earl Cowley, Foreign Office, September 27, 1861, op.cit., p. 165-166.

13 Earl Russell to Earl Cowley, Foreign Office, September 27, 1861, op.cit., p. 165-166.



of Europe. Such a necessity, it was believed, would be avoided if Great Britain and France would accept the payment of interest by the United States until Mexico should be able to defray her own obligations.<sup>14</sup>

Such an American reaction was enough to discourage the government of Great Britain which was bent on maintaining good relations with the United States, from whole-heartedly supporting the European Intervention in Mexico. Britain was therefore unwilling to openly support coercive measures against Mexico or support any plans of imposing a monarchy on the Mexican people.<sup>15</sup> Britain was therefore anxious that Spain postponed her proposed intervention of Mexico until she had conferred with France as to the steps to be taken as regards to this Spanish proposal.<sup>16</sup> Spain was however not very keen to postpone her expedition to Mexico for she had already prepared her forces for the venture. Furthermore pressure was mounting in Spain for the Spanish government to take tough military actions against Mexico.<sup>17</sup>

France on the other hand was anxious to cooperate with Spain in the political reorganisation of Mexico.<sup>18</sup> Britain however insisted that the matter should not be rushed, and that the United States should be invited to join them. The interests of the United States in the peace and prosperity of Mexico was so great that

<sup>14</sup> Ibid

<sup>15</sup> Russell to Earl Cowley, Foreign Office, September 30, 1861, Op.Cit., p. 200. Earl Russell held that "it would be, as a matter of expediency, unwise to provoke the ill-feeling of North America, unless some paramount object were in prospect, and tolerably sure of attainment."

<sup>16</sup> Earl Russell to Sir J. Crampton, Foreign Office, September 23, 1861, op.cit. p. 163.

<sup>17</sup> Sir J. Crampton to Earl Russell, San Ildefonso, September 24, 1861, op.cit. p. 203-204. Spain could not wait until Britain had conferred with France because the Spanish government felt that it could not justify such a delay to the Cortes and her people.

<sup>18</sup> Earl Russell to Earl Cowley, Foreign Office, September 23, 1861, op.cit. p. 163.

Britain insisted on maintaining full communications with her.<sup>19</sup> France accepted this proposal, but Spain urged that the United States was so much involved in its own internal affairs, the American Civil War, to be able to support any intervention.<sup>20</sup> Spain was therefore not prepared to further delay her expedition arguing that:

The grievances of which the Spanish government had to complain were long outstanding, and they had waited with patience for now more than six months in the vain hope of some satisfaction for them being afforded, and more especially for the indignity offered in the dismissal of the Spanish Minister from Mexico. Cortes would assemble in the course of next month; and the Spanish government would be unable to justify themselves before that Body and the Nation if they were to defer beyond what was rendered necessary by material obstacles the vindication of its rights and dignity.<sup>21</sup>

Britain insisted that if combined operations were to be taken against Mexico, they should be founded upon two principles:

19 Ibid

20 Sir J. Crampton to Russell, San Ildefonso, September 21, 1861, op.cit., p. 202-203.

21 F.O. 72/1009 Crampton to Russell, San Ildefonso, No. 93, 24 September 1861.



I. The combined powers of France, Spain and Great Britain and the United States feel themselves compelled, by the lawlessness and flagitious conduct of the authorities of Mexico, to seek from these authorities protection for the persons and property of their subjects and a fulfilment of the obligations contracted by the Republic of Mexico towards their Governments.

II. The said combined powers hereby declare that they do not seek any augmentation of territory or any special advantage and that they will endeavour not to interfere in the internal affairs of Mexico or with the free choice of the form of government by its people.<sup>22</sup>

British demands upon Mexico were founded upon two principles:

- I. The right to require security for the lives, and respect for the prosperity of her subjects in that Republic;
- II. The right to exact the fulfilment of obligations contracted towards her by the Mexican government.<sup>23</sup>

Britain was prepared to prosecute these claims by her own means or by cooperating with other powers with claims founded upon similar principles. Britain however believed that any use of force to create a Mexican government which would give security at home and

22 Earl Russell to Earl Cowley, Foreign Office, September 27, 1861, op. cit. p. 165-166.

23 Earl Russell to Earl Cowley, Foreign Office, September 23, 1861, op. cit. p. 163-164.

sufficient guarantees abroad would fail in its purpose.<sup>24</sup>

It feared that Spain would be opposed by the liberals in Mexico who would be afraid of the possibility of the re-establishment of a dominant church with all its abuses, and also the imposition of a monarchy. It also feared that the Conservatives would oppose British participation because of her liberal views which would undermine their position as a dominant group in the Mexican society by encouraging the abolition of their privileges.<sup>25</sup> Britain was therefore convinced that any European intervention would fail in its purpose for she believed that the Mexicans would not welcome any foreign power. Britain therefore insisted that Mexicans were the only people capable of bringing to an end the state of anarchy and violence which prevailed in their country.<sup>26</sup>

Britain insisted that any convention to be signed for the purpose of intervention to secure redress from Mexico, should include a stipulation specifying that the forces of the contracting parties would not be employed for any other object than those argued upon. She wanted a guarantee from her allies that they would not interfere in the internal affairs of Mexico. It also recommended that the

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24 Earl Russell to Sir J. Crampton, Foreign Office, September 27, 1861, op.cit., p. 166-167. Britain believed that as a result of the contending forces in Mexico being spread over a vast territory and now owing allegiance to a few leaders, no foreign army would likely establish any permanent or pervading authority over these scattered revolutionary factions.

25 Earl Russell to Earl Cowley, Foreign Office, September 30, 1861, op.cit., p. 200.

26 Earl Russell to Earl Cowley, Foreign Office, September 30, op.cit., p. 200.



United States should be invited to adhere to any such convention.<sup>27</sup>

On October 31, 1861 a tripartite agreement was entered by France, Spain and Britain and a convention better known as the London Convention of 1861, was signed. The aim of this Convention was to compel Mexico to fulfil the obligations already "solemnly contracted", and to give a guarantee of a more efficient protection for the persons and property of their respective subjects.<sup>28</sup>

The allies agreed to make necessary arrangements for despatching to the coast of Mexico combined naval and military forces, the strength of which would be sufficient enough to seize and occupy the several fortresses and military positions of the American coast. The Allied Commanders were to be empowered to take on spot measures to ensure the security of foreign residents.<sup>29</sup>

The allies promised not to seek for themselves any acquisition of territory and any special advantages. They also promised themselves not to interfere in the internal affairs of Mexico, or to

27 Earl Russell to Earl Cowley, Foreign Office, October 15, 1861, op.cit., p. 201 and Earl Russell to Sir J. Crampton, Foreign Office, October 5, 1861, op.cit., p. 201.2. Britain insisted upon this stipulation because it feared that France and Spain aimed at establishing a monarchy in Mexico by the use of military intervention, contrary to the traditional British policy of non-intervention in the internal affairs of an independent state. Spain however assured Britain that it was entirely opposed to the notion of re-establishing, by foreign interference, a monarchical form of government in Mexico. See Sir J. Crampton to Earl Russell, San Ildefonso, September 24, 1861, op.cit., p. 203-204.

28 Convention between Her Majesty (the Queen of the Kingdom of Great Britain and Ireland), the Queen of Spain and the Emperor of the French Relative to Combined Operations Against Mexico, signed at London, 31 October 1861 (Rectifications Exchanged at London, 15 November 1861, enclosed in Earl Russell to Sir W. Wyke, Foreign Office, op.cit., p. 209. Also Parliamentary Papers, Vol. LXIV, 1862, pp. 77-85.

29 Russell to Lords Commissioners of the Admiralty, Foreign Office, October 31, 1861, op.cit., p. 208-209.

exercise any influence of a nature to prejudice the right of Mexicans to choose any form of government they desired.<sup>30</sup> A Commissioner from each of the three powers were to be authorized to determine all questions that might arise as to the application or distribution of the sums of money which may be recovered from the Mexican custom houses.

The allies also agreed that a copy of the convention should be sent to the American government, and if she agreed to accede to the convention, the allied ministers at Washington were to conclude a convention with that government.<sup>31</sup>

Britain promised to send to Mexico a force of two lines of battle ships, four frigates, and "an adequate number of small vessels", with seven hundred marines. The British government instructed Admiral Milne to demand in conjunction with the French and Spanish Commanders:

- I. Full satisfaction and reparation for the wrongs suffered by the three nations;
- II. That the port of Vera Cruz should at once be delivered up to the allied forces as a guarantee for the performance of such conditions as may be agreed upon.<sup>32</sup>

30 The Convention of London, Article II, op. cit., p. 209.

31 Ibid, Article III, p. 209. The United States declined the offer because of: (i) its adherence to the policy of 'isolation' recommended by the founding fathers of that nation, which forbade making alliances with foreign nations, (ii) Mexico was her neighbour and posed a political system similar to hers in many of its important features. The United States cherished a decided good will towards Mexico; (iii) It did not feel inclined to resort to forcible remedies for her claims at a time when the government of Mexico was deeply disturbed by political factions, and exposed to war with foreign nations; and (iv) it had instructed its minister in Mexico to negotiate a treaty with that country for a loan to pay its foreign debts.

32 Earl Russell to Lords Commissioners of the Admiralty, Foreign Office, October 31, 1861, op.cit., p. 208-209. The decision to send only 700 marines was influenced by its relations with the United States. Britain feared the possibility of war breaking with the U.S.A. or the latter retaliating by invading Canada.



Sir Charles Wyke, the appointed British Commissioner, was instructed to act in concert with Admiral Milne, but his decision was to prevail in case of any disagreement with the latter. British consuls in the ports to be occupied were instructed to collect in concert with the French and Spanish consuls, the custom-duties and to pay over to the British claimants according to such rules as the commissioners may jointly lay down.<sup>33</sup> Rear Admiral Maitland was instructed to occupy Acapulco or any other port on the Pacific Coast, with the exception of Mazatlan which was only to be occupied with special orders.<sup>34</sup>

Spain promised to send between 12 and 14 vessels carrying 300 guns. These were to be accompanied by 2 large steam transporters with between 4,000 to 5,000 soldiers.<sup>35</sup> France promised to send 2,500 men including 500 Zouaves from Algeria.<sup>36</sup>

Lack of proper coordination resulted in the Spanish forces sailing for Mexico without waiting for her allies. The Spanish naval forces left Cuba on 30 November 1861 with instructions to take possession of Vera Cruz and the Fort of San Juan de Ulúa in the name of the Allied powers. They were however instructed to remain on the defensive until the rest of the allied forces arrive. They

33 Earl Russell to Sir C. Wyke, Foreign Office, October 31, 1861, op.cit., p. 209

34 Earl Russell to the Lords Commissioners of the Admiralty, Foreign Office, October 31, 1861, op.cit., p. 208-9.

35 Sir Crampton to Earl Russell, Madrid, November 1, 1861, op.cit. p. 215.

36 Earl Cowley to Earl Russell, Paris, November 5, 1861, op.cit., p. 216.

were also instructed by the Spanish government not to enter into any treaty before the arrival of the allies.<sup>37</sup>

They landed at Vera Cruz on 17 January 1862 and with a force of 6,500 men formed an administration for the service of custom house, post office, town council, and pledged to divide all duties levied according to the claims of each nation on the government of that Republic.<sup>38</sup>

Mexican forces retreated inland where they fortified some very strong mountain passes, and were determined to resist the march of the allies on their capital. They cut off all supplies of provisions entering the port of Vera Cruz in an effort to create hardships for the Spanish forces.<sup>39</sup> The Mexican government condemned European intervention in a manifesto issued by President Juárez. The manifesto denounced the attitude of the allies, especially that of Spain which was accused of desiring to regain its former colony. It declared that force would be met by force, and that while the Mexican government was still disposed to recognise every just and reasonable claim, it "would accept no conditions which were offensive to the dignity of the nation or comprised its independence."<sup>40</sup> It further declared the port of Vera Cruz closed to all commerce. This measure effectively stopped at once the collection of custom revenues

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37 Sir Charles Wyke to Russell, Vera Cruz, December 29, 1861, op.cit., p. 258. Spanish forces were instructed to demand satisfaction from the Mexican government for the insults offered to her flag; to exact the fulfilment of treaties; to prevent the repetition of acts of violence towards its subjects and to prove in Mexico that Spain was "insulted with impunity and that distances disappear when her honour is called into question". Proclamation of General Gasset. Expeditionary Division to Mexico. Staff. General Order of December 16, 1861, on the coast of Mocambo, enclosed in despatch No. 7, 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers Vol. LXIV, 1862, p. 275.

38 Ibid

39 Ibid

40 Percy F. Martin, Maximilian in Mexico. The Story of the French Intervention 1861-1867, Constable and Company Ltd., London, 1914, p. 80-81.



which the allies had hoped would fall into their hands.

In 1862 rumours began to circulate in both Europe and America that France aimed at imposing the Austrian Archduke Maximilian on the throne of Mexico.<sup>41</sup> France however disclaimed these rumours pleading to her allies that she would not attempt to breach the London Convention by imposing any form of government upon the Mexican people.<sup>42</sup>

Spain also assured Britain that it did not entertain any intention of either making a conquest or of setting up any particular government in Mexico. It declared that the allied forces should not be used for the purpose of depriving the Mexicans of their right to choose their own government. It strongly opposed any plans of imposing Maximilian on the throne of Mexico. Marshall O'Donnell promised Britain that Spain would decline to guarantee the continuance of "any form of specie" of government in Mexico.<sup>43</sup>

Spain was also anxious to be assured that no candidate for the monarchy of Mexico was about to be put forward in any other quarters.<sup>44</sup>

41 Earl Cowley to Earl Russell, Paris, 24 January 1862, 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 254. Mexican conservatives exiles in France were the originators of this plan. They urged the intervention of European powers in order to stop liberal reforms, and create a monarchy, a political system they favoured.

42 Earl Cowley to Earl Russell, Paris, February 5, 1862, op.cit., p.271.

43 Sir J. Crampton to Earl Russell, Madrid, January 30, 1862, op.cit., p. 272-273. Marshall O'Donnell assured Crampton that if the plan of establishing a monarchy in Mexico under Maximilian were to be proposed to Spain, the move would be met with a decided disapproval. He believed that if Maximilian's rule was not guaranteed by any European support, he would not last more than a year. If he was supported by European powers this would cause a friction between European powers, and American states which favoured republicanism.

44 Sir J. Crampton to Earl Russell, Madrid, January 31, 1862, op.cit., p. 273-274.

It made it clear that it would neither give its support to any other candidate, nor oppose the Mexicans in their free choice of the person, whether president or monarch, they wished to be the head of their government. All she wanted to see was a free choice for Mexico, made in conformity with the will of that nation.<sup>45</sup>

The British government made it quite clear that it would not lend its support to the project of imposing Maximilian on the throne of Mexico.<sup>46</sup> It held that all it wanted to see was a government capable of maintaining order and peace. It believed that if Maximilian was imposed he would have to rely wholly on the support of the French troops. Britain feared that anti-monarchical feelings were very strong in Mexico that if Maximilian was left without European active support, he would not last long.<sup>47</sup>

The British government was prepared to give its moral support to any government in Mexico which could maintain relations of amity and punish those who commit crimes against foreigners. It did not wish to have the appearance of interfering in the internal affairs of Mexico, and wished to see Mexicans left alone to choose whatever form of government they desired.<sup>48</sup>

Russell however held that:

If the Mexican people by a spontaneous movement place the Austrian Archduke on the throne of Mexico, there is nothing in the Convention to prevent it. On the other hand, we could

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45 Sir J. Crampton to Earl Russell, Madrid, January 31, 1862, op.cit. p. 273-274.

46 Ibid, February 4, 1862, op.cit., p. 276.

47 Russell to Lord Bloomfield, Foreign Office, February 13, 1862, op.cit., p. 277

48 Ibid.



be no parties to a forcible intervention for this purpose. The Mexicans must consult their own interests.<sup>49</sup>

Lord Palmerston, the British Prime Minister, and Russell believed that monarchy was the best means of ending anarchy in Mexico but they did not desire to violate the traditional British policy of non-intervention in the internal affairs of a sovereign state.<sup>50</sup> Palmerston held that:

It would be a good thing for Europe that a regular and orderly government should be established in Mexico and that probably could be done only by a monarchy.<sup>51</sup>

Russell on the other hand held that:

It would never do for us to set up a monarchy in Mexico, though if they did for themselves, I should think they took the wisest course.<sup>52</sup>

Lord Palmerston knew well in advance Napoleon III's plan to place Maximilian on the throne in Mexico. The British Prime Minister was a convinced monarchist. He believed that a Mexican monarchy was both a desirable means of maintaining order in Mexico and checking American aggression.<sup>53</sup> He sent Sir Charles Wyke to meet the French

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49 Russell to Wyke, Foreign Office, 27 January 1862, op.cit., p. 254.

50 Carl H. Bock, Prelude to Tragedy. The Negotiation and Breakdown of the Tripartite Convention of London, October 31, 1861, University of Pennsylvania Press, Philadelphia, 1966, p. 344-345.

51 Palmerston to Russell, 13 August 1863, cited by Carl H. Bock, op.cit., p. 719, footnote no. 67.

52 F.O. 519/199. Russell to Cowley, Private, 9 September 1861, cited by Carl H. Bock, op.cit., p. 719, footnote no. 66.

53 Carl H. Bock, Prelude to Tragedy . . . ., p. 127.

Emperor, before the former took his ministerial post in Mexico. Wyke who had served in South and Central America informed the Emperor that the region was "ripe for monarchical institutions" under moderates.<sup>54</sup>

The Emperor had made it quite clear to Wyke that:

In the event of Juárez refusing to give a hearing to the just claims of the three European maritime powers, war would be declared and the way prepared for the establishment of a monarchy.<sup>55</sup>

It is quite clear that Palmerston knew in advance French plans to place Maximilian on the throne of Mexico, and assented to it. He however stipulated that the candidature should not be announced before the Mexican capital had been taken by French forces, and only with the consent of the liberal party.<sup>56</sup> It is also clear that Palmerston and Russell opposed any plans to impose Maximilian upon the throne of Mexico. Their opposition to the use of force to impose the Archduke seems to stem from the fact that:

It would be impossible to justify in Parliament any interference in the internal affairs of a foreign country beyond what was strictly necessary for the redress of grievances.<sup>57</sup>

They therefore refused to guarantee to give any material support in the establishment or in the maintenance of a monarchy in Mexico. Russell did however promise British moral support to any government

54 Daniel Dawson, The Mexican Adventure, G. Bell and Sons Ltd., London, 1935, p. 309.

55 Herzfeld to Baron de Pont, Carlsbad, September 7th. 'Report by H.C. Herzfeld. September 13th, 1863,' cited by Daniel Dawson, op.cit., p. 309

56 Ibid.

57 Daniel Dawson, The Mexican Adventure, G. Bell and Sons Ltd., London, 1935, p. 127.



formed in Mexico that was capable of maintaining order at home, and protecting foreign merchants.<sup>58</sup>

In Mexico, General Prim, the Spanish Commander and Commissioner, and Sir Charles Wyke agreed that every measure of conciliation should be taken with the Juárez Government before resorting to force. The French Commander, Rear-Admiral de la Graviere on the other hand, insisted that the first duty of the allies was to aid and assist the Mexicans in obtaining a government likely to afford more efficient protection to the lives and property of foreign residents, before exacting from such a government the execution of the engagements towards foreign powers which their present penury and hopeless state of disorganisation did not permit them to fulfil.<sup>59</sup>

The Allied Commissioners conferred together on 9 and 10 January, 1862, and the following day they met General Zaragoza, the Mexican Secretary of War at Vera Cruz. The Commissioners, because of disagreement over the amounts of the claims, agreed that they should send a joint letter to Juárez with the separate demands of each country.<sup>60</sup> On 13 January they sent their claims with an ultimatum threatening to march to the capital if their demands were not met. General Prim and

58 Russell to Wyke, Foreign Office, February 24, 1862, 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 280.

59 Wyke to Russell, Vera Cruz, January 16, 1862, op.cit., p. 283. Carl H. Bock argues that Napoleon III did not want French claims recognised by the Juárez Government so that there would be a pretext for the European troops to remain in Mexico. Saligny was therefore instructed to make excessive demands. See Carl H. Bock, Prelude to Tragedy ..., University of Pennsylvania Press, Philadelphia, 1966, p. 447.

60 Wyke to Russell, Vera Cruz, 16 January 1862, 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 283-284. Also Wyke to Russell, Vera Cruz, 18 January 1862, op.cit., p. 285, 286 and 19 January 1862, op.cit., p. 287-289.

Sir Charles Wyke objected to this ultimatum which M. de Saligny had insisted upon. This measure was also strongly disapproved by Lord Russell.<sup>61</sup>

Wykes ultimatum demanded the "due and punctual fulfilment of all the stipulations contained in the various treaties, conventions and agreements at present existing between England and Mexico".<sup>62</sup> British claims consisted of \$63 million and \$4,000 owed to the London Bondholders and British Convention respectively. He demanded the immediate payment of the \$600,000 'stolen' by the conservatives from the British legation, and \$279,000 still owed to the 'leguna seca' claims. He also demanded the payments due to British holders suspended by the Decree of 17 July 1861. He also wished the Mexican government to permit the appointment of British 'intervenors' to supervise payments of custom revenues to British claimants. The intervenors were also to be given power to reduce import duties up to 50% if it was considered necessary to do so.<sup>63</sup>

Wyke demanded that British claims "already acknowledged by the Mexican government should at once be liquidated". He further demanded that all other claims should be fully examined and "if founded on justice and right, be also acknowledged as valid when such has been proved and paid with as little delay as possible."<sup>64</sup>

61 Russell to Wyke, Foreign Office, February 25, 1862, op.cit., p. 280-281.

62 Proposed Despatch from Sir C. Wyke to General Doblado, Vera Cruz, 12 January 1862, enclosure 4 of Wyke to Russell, Vera Cruz, Secret and confidential, 19 January 1862, op.cit., p. 287-294.

63 Ibid.

64 Ibid.



Prim's ultimatum demanded the immediate execution of conventions guaranteeing payment to Spanish claimants, the payment of arrears of interest, and a promise to "recognise" the right of Spain to demand compensation for the injustices suffered by her subjects in consequence of the oppressive acts and outrages which have been committed, or may be committed, against them. He also demanded that a Mexican agent should be sent to Spain to give satisfaction for the expulsion of the Spanish minister from Mexico.<sup>65</sup>

Saligny's ultimatum demanded the execution of a French convention and the immediate payment of \$11,000, the reparation still due to the family of the French consul murdered in 1859. He also demanded the immediate execution of the contract contracted between the Mexican government and the House of Jecker which was Swiss in origin. He also demanded \$12 million as compensation for French personal and property claims.<sup>66</sup> Furthermore, he reserved the right to fix another total of reparations for losses sustained since 31 July 1861. He also demanded the right for France to occupy Vera Cruz, Tampico, and other Mexican ports, and the appointment of Commissioners to supervise the collection of custom duties to pay the claims demanded. They were also to have the power to reduce import duties up to 50%. He demanded that

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65 Proposed despatch from the Count of Reus to General Dublado, Vera Cruz, 14 January 1862, enclosure 3 to Wyke to Russell, Vera Cruz, 19 January, 1862, op.cit., p. 287-294. General Prim did not desire to press for specific claims without ascertaining whether the facts were real.

66 Dubois de Saligny's proposed ultimatum, Vera Cruz, 12 January 1862, in Carl H. Bock, Prelude to Tragedy. The Negotiation and Breakdown of the Tripartite Convention of London, October 31, 1862, University of Pennsylvania Press, Philadelphia, 1966, Appendix Q, p. 539-542. Though Jecker was not French, most of the shareholders of his bank were. This bank had long enjoyed a privileged position vis a vis the French legation in Mexico, and had more than once invoked its aid. In 1850 and again in 1853 the French Minister, Levasseur, intervened on the company's behalf and caused the Mexican government to make reparations for damages claimed by Jecker. See Nancy N. Barker, "The French legation in Mexico: Nexus of interventionists", French Studies, Vol. VIII, No. 3, Spring 1974, p.415.

additional duties, paid on imported merchandize after leaving the custom houses and amounting to approximately 80% would under no pretext exceed 15% of import duties.<sup>67</sup>

Prim and Wyke refused to accept these excessive French demands, and the latter described them as:

Perfectly outrageous and .... so insulting as  
to render ..... acceptance by the Mexican government  
impossible.<sup>68</sup>

Disagreement between the three Commissioners increased further with the arrival of Mexican conservative leaders on the coast of Mexico. General Miramón, the head of the Old Church Party, was arrested by Commodore Dunlop on his arrival at Vera Cruz for the 1861 'robbery' of the funds belonging to the London Bondholders at the British legation.<sup>69</sup>

President Juárez pleaded with the Commissioners that the poor financial state of Mexico could not allow his government to meet their ultimatum. He pleaded with them that his country required foreign assistance to maintain peace and tranquillity. He invited them to proceed to Orizaba with a guard of honour of 2,000 men. He hoped that the rest of the allied forces would be re-embarked "so as to free (his) nation from the apprehension of being dictated to by an armed force."<sup>70</sup>

67 Ibid., Article IX, p. 541

68 Sir Charles Wyke to Russell, Vera Cruz, Private, 31 January 1862, PRO 30/22-74 cited by Carl H. Bock, op.cit., p. 301.

69 Charles Wyke to Russell, Vera Cruz, 30 January 1862, Papers related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 296.

70 Charles Wyke to Russell, Vera Cruz, March 2, 1862, op.cit. p. 296.



Britain refused to allow her forces to proceed beyond the coast when France suggested that they should follow Mexican forces inland.<sup>71</sup> Britain did not want to get entangled in Mexico's internal affairs, as France aimed at overthrowing the Juárez government and creating a protectorate. Britain ordered her forces to remain at the coast from where they were to protect British subjects and their property.<sup>72</sup> On the other hand the French rapidly strengthened their troops to outnumber those of Spain.

General Prim and General Manuel Doblado, the Mexican (Liberal) Secretary of Foreign Affairs, signed on 19 February the preliminaries of the Soledad Convention. The former represented the other two commissioners. It was agreed that the allies should immediately enter upon the signing of treaties to draw up all the claims which they had to present in the name of their respective countries. Negotiations were to be opened at Orizaba where the commissioners and the Mexican Secretary of War and Secretary of Foreign Affairs were to repair.<sup>73</sup>

It was agreed that during the negotiations, the allied forces were to occupy Córdoba, the Paso Ancho, on the Córdoba road and the

71 Wyke to Russell, Vera Cruz, March 31, 1862, op.cit., p. 323.

72 Secretary of the Admiralty to Rear Admiral Sir A. Milne, Admiralty, March 11, 1862, enclosed in despatch No. 53, op.cit., p. 313. The British government did not wish to have the appearance of interfering in the internal affairs of Mexico, but it was however willing to give its moral support to Mexico if the Mexicans could establish a strong central government, capable of maintaining order at home, and of protecting foreign merchants.

73 Preliminaries of La Soledad, 19 February 1862, in Carl H. Bock, Prelude to Tragedy . . . ., University of Pennsylvania Press, Philadelphia, 1966, Appendix R, p. 543-544.

Paso de Orejas on the Jalapa road, Orizaba and Tehuacan with their natural radii. They also agreed that in case of the negotiations breaking down, the allied forces were to retreat back to their original line of deferre. Once the allied forces were withdrawn, their hospitals in these towns were to come under the safeguard of the Mexican nation. It was also agreed that the Mexican flag was to be raised at Vera Cruz, and San Juan de Ulúa, on the day that the allied forces were to occupy the above towns.<sup>74</sup>

As a result of further negotiations it was agreed on February 26 that the custom house of Vera Cruz should be returned to the Mexicans on condition that: (i) instead of an interventor there should be three, one from each of the three European countries; (ii) instead of putting aside 50% of the produce of the custom house for the payment of foreign debts, matters should be returned to the status quo as they were before the decree of July 17, 1861, which suspended all payments; (iii) the assignments due to foreign creditors by treaty stipulations having amounted at that period to about 77% of the produce of the customs, of which 59% belonged to the British credits; and (iv) the provisions and other articles required for the use of the allied forces should be exempt from the payment of custom duties.<sup>75</sup>

74 Ibid

75 Charles Wyke to Russell, Vera Cruz, 5 March 1862, 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, p. 357. Eneas Giffard was appointed by Wyke as Vice Consul to temporarily act as British intercolator at Vera Cruz custom house. The allies found it difficult to collect duties on merchandise as a result of merchants, who were mostly Germans, being unable to pay cash. They offered bills or did not move their goods from the customs house. The allies however refused to return the custom house as a result of Mexico levying tax on capital.



Two days later it was agreed that Vera Cruz should be garrisoned by 100 men from each of the three European countries; and the rest of the troops should be embarked forthwith to Europe as far as the British forces were concerned, Spanish forces to Cuba and the French re-enforcements lately from Brest and Toulon to return without landing.<sup>76</sup> Further negotiations were to take place at Orizaba on April 1. The Mexican government in return guaranteed order and security for the future so far as the interests of the European residence were concerned.

The French government disapproved the Soledad Convention arguing that it was contrary to its dignity.<sup>77</sup> Admiral Jurien de la Graviere was censured for signing it, and as a result he was relieved his post as the French Commissioner. M. de Saligny was consequently alone entrusted with the full powers as Commissioner.<sup>78</sup> The British government was also not too happy for Lord Russell regarded the Convention as having been signed "not between the allied powers and Mexico, but between the Commissioners ... and the government of (Mexico) ..."<sup>79</sup>

76 The Times, April 3, 1862.

77 Extract from 'Moniteur' of April 2, 1862, enclosed in despatch No. 90, 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 352.

78 Extract from Moniteur (April 3, 1862) in The Times of same date, p. 12. On February 24, 1862, a telegraphic despatch was sent by the French ministry of Foreign Affairs to Jurien and Saligny to the effect that they should not accept demands for reparations, and that, if the representatives of Britain and Spain advocated such an adjustment, the French agents were authorised as a last resort to allow their colleagues to act separately and to seek by themselves the satisfaction which was due to France. See William Spencer Robertson, "The Tripartite Treaty of London", H.A.H.R., Vol. XX, May 1940, p. 182.

79 The Times, April 15, 1862. The British government only approved the terms of the Convention in the main.

The British government considered the withdrawal of its forces with the exception of a small body of men. It was not the intention of the British government that its marines should take part in any expedition to the interior.

Differences between the allies widened as a result of France insistence upon supporting Mexican conservatives, and to impose Maximilian on the throne of Mexico. The French Commissioner offered protection to General Almonte, the late Mexican Minister in Paris, Padre Miranda and other political exiles who were now returning to fight the liberals with French aid. These Conservative leaders penetrated into the interior under French protection offered by General Lovencez.<sup>80</sup>

General Prim threatened to withdraw Spanish troops if this protection and French support to the conservatives, contrary to the stipulation of the London Convention, does not stop.<sup>81</sup> Britain also threatened to declare the London Convention suspended if France continued with this action. Britain was however prepared to recognise Maximilian if:

The Mexicans, of their own accord, chose to proclaim  
the Archduke Ferdinand Maximilian as their Sovereign,  
with a free Cortes and religious liberty.

80 Charles Wyke to Russell, Vera Cruz, 27 March 1862, 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 359-360.

81 Charles Wyke to Russell, Vera Cruz, 29 March 1862, Op. Cit., p. 364-365.



The French government refused to adhere to these threats.<sup>82</sup> It decided to break all negotiations with the Juárez government, and advance its forces to Mexico City.<sup>83</sup> The British and Spanish Commissioners refused to support this move, and instead declared that they saw no reason for not pursuing the negotiations according to the Soledad Convention.

General Prim declared that this French action was a breach of the London Convention, and was equivalent to a declaration of war on Mexico. He demonstrated that the London Convention did not authorize the attitude taken by the French Commission. He declared that the Allies had no right to impose upon the Mexican people a government that they did not like. He threatened to withdraw his troops if France continued to interfere with the internal affairs of Mexico.<sup>84</sup>

France refused to change its policy of aggression claiming that since the Soledad Convention new vexations had been practised upon her subjects, and that violent measures had been adopted to smother the wishes of the country and true public opinion.<sup>85</sup>

General Doblado warned the French that they would be strongly resisted. He invited the Spanish and English Commissioners to treat with his government.<sup>86</sup>

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82 Cowley to Russell, Paris, 2 May 1862 op.cit. p. 375. Russell informed the Lords Commissioners of the Admiralty that if French troops attempted to change the form of government in Mexico, the execution of the Convention of London must be suspended. He however held that if an opportunity should occur of carrying into effect the Convention in concert with France and Spain, Commodore Dunlop would be empowered to take advantage of it, and sign a new Convention.

83 Russell to Cowley, Foreign Office, June 12, 1862, op.cit., p. 433. The French government refused to withdraw its protection from General Almonte and other conservatives exiles who had now returned to fight the liberals.

84 The Times, May 17, and 21, 1862,

85 Ibid.

86 Wyke to Russell, Vera Cruz, 17 April 1862, 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 411-412. As a result of disagreement among the Allied Commissioners as to the interpretation of the London Convention, they decided in Mid April 1862 that in future they would work separately and independently.



French representatives issued documents, dated Córdoba, April 16 declaring war on Mexico. They urged the Mexicans to rally around the French flag and give their country a stable government.<sup>87</sup> Britain withdrew its small forces and Lord Russell while opposing French intervention declared that:

(Mexico should) work out her own solution, if she can under the administration of Señor Doblado; the British government asks nothing better. But it does not wish to interfere.<sup>88</sup>

Señor Doblado commended the British and Spanish decision to withdraw their forces from Mexico. He paid tribute to the nobility of these nations in adhering strictly to the letter of the Convention of London and the Soledad Convention. Mexico then declared war on France, and by the end of May hostilities were in full swing.<sup>89</sup>

The Times of London supported France in its decision to interfere in the internal affairs of Mexico. It declared that:

Whatever might have been the terms of the Convention, it was clear from the first that unless the intervention did in some way or other bring about the establishment of a strong government in Mexico it would produce little advantage .... The solution, therefore, now proposed by the French is the only solution of which the problem admitted, though it may be rather surprising in its form.<sup>90</sup>

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87 The Times, May 17, 1862.

88 Russell to Wyke, Foreign Office, April 1, 1862 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 349-350. The London Times of September 20, 1863 held that Britain withdrew its forces "solemnly because ... it shrank from the costly work of making intervention a reality".

89 Percy F. Martin, Maximilian in Mexico. The Story of French Intervention 1861-1867, Constable and Company Ltd., London, 1914, p. 90.

90 The Times, May 17, 1862.

The Times wished France all success arguing that the occupation would be beneficial to the world. It argued that if the Mexicans were ever to be organised as a state it was clear that somebody "must do it for them what they cannot do for themselves".<sup>91</sup>

Charles Wyke did not give up his search for peaceful solutions, and by the end of April 1862 he signed at Puebla a Convention with General Doblado.<sup>92</sup> The Puebla Convention secured to the London and conventional Bondholders the recognition of all former conventions. Payments were to be made in species amounting to \$3½ million. It was also agreed that of the \$11 million to be received by Mexico from the United States, £1.7 million out of the first payment of £2 million was to be paid to the British privileged class of claimants. One-fourth of each further instalments were to go towards paying the second class of claimants, i.e. for injuries and losses sustained by British residence.<sup>93</sup>

It was agreed that in case the United States Congress refused to rectify the treaty with Mexico for the \$11 million loan, then the property which was to have been assigned as mortgage to the former as security should be sold to pay British claims. It was also agreed that the London and the conventional Bondholders should be paid out of 50% of duties payable at Vera Cruz and Tampico custom houses, besides what was due to them from the Pacific Coast maritime custom-houses

91 The Times, May 17, 1862.

92 Wyke to Russell, Puebla, 29 April 1862, 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 422-424.

93 Ibid.



whenever the proceeds of the latter became available for that purpose.<sup>94</sup>

The failure of the ratification of the treaty between the United States and Mexico upon which the Puebla Convention depended, led to the British government's refusal to ratify it.<sup>95</sup> Russell could not accept the Convention as it was interwoven with the above treaty. He further felt that the mortgage property promised by Mexico would involve Britain in a conflict with other powers and with Mexico itself. It was his fear that if the conservatives came to power they would nullify the convention as the mortgage included church property.<sup>96</sup>

#### Reasons for the failure of the Convention of London

The convention of London was important for what it did not contain. The redress of grievances the allies were to demand were not defined with precision. It was not specified whether the three powers were to support each other's claims, and the instructions to their Commissioners and Commanders were little more than precise.<sup>97</sup> The confusion of claims was such that the British, and Spanish governments did not know what claims were justified.

The whole Convention appears to have been drawn up and signed in a desperate hurry for nothing definite in regard to action was specified. "The Allies were not agreed before the signatures were attached, and they openly disagreed afterwards."<sup>98</sup> It appears that

94 Ibid. Wyke went back to Mexico City in May 1862. He informed Juárez that his presence in the capital should not be inferred as a renewal of relations between Mexico and Britain, and that he had returned as a private individual.

95 Russell to Wyke, Foreign Office, 27 June 1862, op.cit., p. 443-444.

96 Ibid.

97 Carl H. Bock, Prelude to Tragedy. The Negotiation and Breakdown of the Tripartite Convention of London, October 31, 1861, University of Pennsylvania Press, Philadelphia, 1966, p. 447.

98 Percy F. Martin, Maximilian in Mexico. The Story of the French Intervention (1861-1867), Constable and Company Ltd. London, 1914, p. 70. The parties subscribing the Convention did not reach any agreement concerning the precise mode of action to be pursued in order to bring the Mexicans to terms.



they were of the opinion that once their forces reached Mexico things would work out for themselves. Each of the three powers had reserved the right of individual action and liberty. The vague terms of the Convention raises the doubt of the seriousness of the allies to carry them into execution.

British support appears to have been halfhearted for 700 marines did not constitute an effective force. Furthermore Britain had no intention of maintaining its forces in Mexico after April 1862 when the unhealthy season was due to begin.<sup>99</sup> Britain appears to have been concerned with the reaction of the United States which seriously opposed European intervention in the New World. Britain also feared that European involvement in Mexico would be both costly and a disaster.

It appears that Lord Palmerston and Russell did not take the whole expedition seriously. They did not expect Mexicans to resist the allies or any complications to result.<sup>100</sup> The plan was simple:

The means to obtain redress of grievances was a custom house intervention. The allied fleets would rendezvous and proceed to Vera Cruz. The city, forts, and custom house would be occupied. British ships in the Pacific Ocean would be used to seize Acapulco or some other Mexican harbour on the west coast of Mexico. The claims of the allies would be detailed in an ultimatum prepared by the Commanders-in-chief and Commissioners of the allies. This ultimatum would be presented to the de facto government of Mexico. It would accept the

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99 Earl Cowley to Earl Russell, Paris 14, 1862, 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p.315.

100 Earl H. Block, Prelude to Tragedy. The Negotiations and Breakdown of the Tripartite Convention of London, October 31, 1861, University of Pennsylvania Press, Philadelphia, 1966, p. 221.

terms of the allies, and monetary redress would be obtained in the form of Mexican custom duties collected by the consuls of the allies in the various Mexican ports. The allied commissioners would decide the details of this arrangement. Vera Cruz would be held "until further orders" as a guarantee for the fulfilment of Mexican pledges.<sup>101</sup>

It appears that Britain gave its token support to the intervention as a result of fearing that if it did not, the allies would go ahead. This would then create public out-cry at home since Britain had the most grievances. Furthermore, it did not trust the other two powers, and feared that her absence would affect her economic interest in an area that she considered it to be her sphere of influence.<sup>102</sup>

It can also be argued that the British government expected that the allied forces would act as a deterrent for several times Russell had instructed both Mathew and Wyke to use the threat of British naval forces to secure redress. It hoped that once the Mexicans saw the allied forces they would then consent to European terms. Britain had no intention of using its forces in any fighting.<sup>103</sup> It instructed its marines not to go beyond Vera Cruz even though Wyke had warned that Mexicans planned to withdraw inland.

101 Ibid., p. 220. For the instructions issued by Lord Russell to the British Commanders as to the action to be taken by British forces and commissioners, see Russell to the Lords Commissioners of the Admiralty, Foreign Office, October 31, 1861, 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 208-209.

102 R.B. Chapman, British Relations with Mexico, 1859-1962, B. Litt. Thesis, Oxford, 1936, p. 123.

103 Earl Russell to Sir Charles Wyke, Foreign Office, 15 November, 1861, 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 218.



It can also be argued that the intervention failed because Napoleon had no desire from the start to adhere to the terms of the London Convention. France was therefore accused of secret intentions by her allies.<sup>104</sup> They believed that Napoleon simply desired to draw them as his allies into a war of intervention for purely French and monarchical reasons instead of combining for the purpose of forcing redress.

The failure of the intervention was also caused by the excessive demands of France which even Britain and Spain considered as "madness". France did not expect Mexico to fulfil these demands, and was therefore determined to retain her forces in that country and complete her true intentions of overthrowing the Juárez government and installing a puppet government under the Archduke Maximilian of Austria.<sup>105</sup>

British intervention in Mexico was founded on the breach of the Anglo-Mexican conventions and the violation of diplomatic privileges. Britain was however not prepared to take the defence of general British interests as far as intervention in the internal affairs of Mexico was concerned, for there was no over-riding political interests. She was only prepared to offer limited participation despite considerable grievances being involved.<sup>106</sup>

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- 104 Percy F. Martin, Maximilian in Mexico. The Story of the French Intervention (1861-1867). Constable and Co.Ltd. London, 1914, p. 6. Napoleon III gave Admiral Jurien de la Gravière elastic instructions which encouraged him to plan an immediate march upon Mexico City. William S. Robertson claims that the Admiral was also given secret verbal directions to the effect that he should induce the Monarchical (Conservative) Party in Mexico to convoke a constituent assembly, composed of representatives of all the Mexican provinces, which was to express to the Allied Powers its views concerning the political system that the Mexican people desired, i.e. a monarchy. See William Spence Robertson, "The Tripartite Treaty of London." H.A.H.R. Vol. XX, May 1940, p. 190.
- 105 Lord Russell to Earl Cowley, Foreign Office, June 12, 1862, 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol.LXIV, 1862, p. 433.
- 106 D.C.M. Platt, British Capital, Commerce, and Diplomacy in Latin America, Independence to 1914-Intervention or Abstention?, D.Phil Thesis, St. Antony's College, Oxford, 1962, p. 54.



Britain's diplomacy towards Mexico was non-interventionist in the internal affairs of that country. She desired to see Mexico free and independent and in a position to discharge her international obligations. The British government knew well in advance of Napoleon III's designs to install Maximilian on the throne of Mexico, but she was not prepared to support such a measure if it did not receive the support of the Mexican people.<sup>107</sup> Britain did not want to be a part of a forceful intervention to impose Maximilian on the Mexican people as this action could not be justified before the British parliament.

Britain limited participation in this European venture was also influenced by the attitude of the United States towards European interference in the New World. Britain was therefore not willing to offend the United States and restrain her relations with the former by openly supporting French designs.<sup>108</sup> It is very clear that the British administrators believed that a monarchical system of government was the best solution for solving Mexico's instability. However the means approved by the British government to support Maximilian were highly improbable of materializing, and if they did come into being, highly respectable and acceptable to the British public opinion.

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107 Earl Cowley to Russell, Paris, 2 May, 1862, 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, p. 375-376.

108 Lord Russell to Earl Cowley, Foreign Office, December 4, 1861, 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 226. See Also D.C.M. Platt, British Capital, Commerce, and Diplomacy in Latin America, Independence to 1914 - Intervention or Abstention?, p. 47-48.

CHAPTER XII    BRITAIN, MAXIMILIAN, AND THE SUSPENSION OF DIPLOMATIC RELATIONS WITH THE JUÁREZ GOVERNMENT IN 1867

After the failure of the Convention of London which followed the French rupture of the Soledad Convention, French troops, reinforced by 3,500 men brought by General Charles Ferdinand Latrille de Lorencez, commenced hostilities against the Juárez Government. Napoleon III aimed at overthrowing the republican institutions established by Mexicans, which he saw as the cause of the prevailing anarchy, and replacing them with those of a monarchy under the protection of his country.<sup>1</sup>

Napoleon III was determined right from the beginning of the Allied Intervention in Mexico, and even before the signing of the Convention of London, to overthrow Juárez and impose Maximilian on the throne of Mexico. Halford L. Hoskins argues that:

Before the occupation of Mexico had begun, the government of France had decided to overthrow that of Mexico. A future prince, Archduke Maximilian of Austria, had even been chosen, who was deemed acceptable to England and Spain as well as to France. The French persuaded themselves that they were acting in an unselfish manner as when in 1829, France, England, and Russia had helped to liberate Greece and had placed on the throne a prince from a country not participating.<sup>2</sup>

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1 Émile de Kératry, The Rise and Fall of the Emperor Maximilian. A narrative of the Mexican Empire, 1861-7 with the Imperial Correspondence. Translated by G.H. Venables, London, 1868, p. 19.

2 Halford L. Hoskins, "The French views of the Monroe Doctrine," Hispanic American Historical Review, Vol. IV, 1921, p. 680. These views are also supported by a French historian H. Salmon, in his book 'L'ambassade de Richard de Metternich a Paris. (Paris, 1931) p. 156-7. He claims that Admiral Jurien de la Gravière had been given secret, verbal directions by Napoleon III to the effect that he should induce the monarchical party in Mexico to convoke a constituent assembly composed of representatives of all the Mexican provinces which was to express to the Allied powers its views concerning the political system that the Mexicans desired.



Napoleon III, therefore, shortly before the Allied Commissioners disagreed as to the action to be taken against the Juárez Government as to the fulfilment of their demands, informed Admiral Jurien de la Gravière that he would need to remain in Mexico in order to assist those Mexicans who might desire a strong government. He added that it would be prudent if the British and Spanish governments did not discourage these efforts which might be attempted by Mexico to extricate itself from the anarchy into which it was plunged.<sup>3</sup>

Napoleon III clearly stated his reasons for French intervention when on October 9, 1861, he wrote to Count Flahault that:

Not only has this country, endowed with all the advantages of Nature, attracted much of our capital and our nationals whose existence is menaced without intermission, but, by its regeneration, it would form an insurmountable barrier to the encroachments of North America; it would afford an important market for English, Spanish, and French commerce by exploiting its own resources, finally it would render a great service to our industries by extending its cultivation of cotton.<sup>4</sup>

The British government under Lord Palmerston did not object to any reorganisation of Mexico, for this was the very end which the British Prime Minister had supported European intervention against Mexico.<sup>5</sup> The Times of London on 19 September 1863, argued that Britain

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3 Émile de Kératry, The Rise and Fall of the Emperor Maximilian. A narrative of the Mexican Empire, 1861-7, London, 1868, p. 19.

4 Napoleon III to Count Flahault, Palais de Compiègne, 9 October 1861, Appendix F in Carl H. Bock, Prelude to Tragedy, The Negotiation and Breakdown of the Tripartite Convention of London, October 31, 1861, University of Pennsylvania Press, Philadelphia, 1966, p. 495.

5 The Times, September 19, 1863, p. 10. The Times had earlier on May 21, 1862, p. 9, wished France all success in the move towards establishing Maximilian on the throne of Mexico. It argued, "Occupation (by France) .... cannot be otherwise than beneficial to the rest of the world. If they (Mexicans) are ever to be organised as a state it is clear that somebody must do for them what they cannot do for themselves."



could not object to the predominance of French policy in the construction of the new government in Mexico, for France had fairly earned a right of control by intervening alone in the internal affairs of Mexico. Britain, however, hoped that France would not use her influence to the prejudice of the constitutional rights which the Liberal party in Mexico, in its early days, professed to maintain.<sup>6</sup> She further hoped that France would not set aside principles of the liberal party for the benefit of the conservative party.

As far as Lord Palmerston was concerned, the question of not recognising Maximilian's "stable and civilized" government was utterly out of question. Britain believed that the government of the Archduke Maximilian would undoubtedly offer a better promise of tranquillity and order than any government which Mexico had known for the past twenty years.<sup>7</sup> It was therefore the wish of the British government to see a stable government in Mexico which would protect foreign interests, acknowledge claims for compensation to all foreign residents with grievances to be settled, and pay all foreign debts. Most of all she wished to see that:

1. British subjects in Mexico were no longer at the mercy of robbers and cutthroats;
2. A firm administration of the law substituted for rampant murder, rapine, and pillage; and

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6 The Times, September 19, 1863, p. 10

7 The Times, September 19, 1863, p. 10. Both Russell and Palmerston personally believed that monarchy was the best means of ending anarchy in Mexico, but they did not desire to violate the traditional British policy of non-intervention in the internal affairs of a sovereign state. See Carl H. Bock, Prelude to Tragedy., p. 344-345, F.O. 50/363 Russell to Wyke, F.O., Draft, 27 January 1862, and Palmerston to Russell, 94 Picadilly, Private, 9 September 1861, Additional Manuscripts, Palmerston Papers, No. 48582, British Museum.

3. The debts owed to British subjects to be so treated as to render liquidation a probability.<sup>8</sup>

Lord Palmerston, a firm supporter of the establishment of a monarchy in Mexico, argued that if the scheme was carried out it would be of great blessing not only to Mexico, but also a Godsend for all those countries with interests in that country.<sup>9</sup> He also saw the establishment of a monarchy in Mexico as a means of stopping the United States, Federal or Confederate states, from the projected absorption of Mexico. He maintained that:

If the North and South (i.e. the United States) are definitely disunited, and if at the same time Mexico could be turned into a prosperous monarchy, I do not know of any arrangement that could be more advantageous for (Britain).<sup>10</sup>

It appears that the British Foreign Secretary, though not opposed to the idea of establishing a monarchy in Mexico, was not prepared to support a venture that involved coercion of the Mexican people. He was only prepared to recognise a monarchy if it was brought about by the Mexicans themselves independent of foreign intervention.<sup>11</sup> He was therefore not prepared to support a venture supported only by a minority in Mexico. It however seems that once Maximilian had established himself in Mexico, Lord Palmerston forced the issue of recognition upon him.

8 The Times, 19 September, 1863, p. 10.

9 Palmerston to Russell, 19 November 1862, Doc.No. 105, Harold Temperly and Lillian M. Penson, (eds.), Foundations of British Foreign Policy, Cambridge University Press, 1938, p. 295.

10 Palmerston to Russell, 19 November 1862, Doc.No. 105, Harold Temperly and Lillian M. Penson, (eds.), Op.Cit., p.295.

11 F.O. 50/363 Lord Russell to Wyke, F.O. No. 9, Draft, 27 January 1862.



French intervention in Mexico did not come easy, for the Republican forces of President Juárez put up a stiff opposition to the advancing French forces. The fall of Puebla did not come easily for the Mexicans put up a heroic opposition. It required two months of terrible siege and bloody fighting to overpower the courageous defenders of Puebla. Both women and children were also involved in the defence of this town, and a French soldier spoke of children between the ages of nine and twelve taking active part in the fight.<sup>12</sup> However lack of enough arms and ammunition, the defeat of General Ignacio Comonfort on May 8, 1863, and French successes against other Mexican forces, especially the capture of Fort Totimehuacan, weakened the defence of Puebla against reinforced French forces.<sup>13</sup> With the collapse of Puebla, the way was opened for the French forces to advance towards the Mexican capital.

It was reported that as soon as the whole country was under the French, Mexico would be declared a dependency of the crown of France. M. Hubert Delisle, a member of the French Senate would then be sent to Mexico as an Imperial Commissioner to organise a new government. France also intended to make an overture to Great Britain and Spain to co-operate with her in "the somewhat arduous task of settling that country and introducing order in the finances" of Mexico.<sup>14</sup>

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12 The Times, August 15, 1863. General Ortega who was in command of the Mexican army defending the town of Puebla had about 22,000 men, including many of the best officers in the Mexican army, while the French had 26,300 men, including 2,000 Mexican Conservatives. See Charles A. Stuart, Viva Juárez!, Greenwood Press, Westport, Connecticut, 1963, p. 273.

13 The Times, July 1, 1863, and Charles A. Smart, Viva Juárez! Greenwood Press, Westport, Connecticut, 1963, p. 273. The French siege forced people in Puebla to eat even dogs and cats, and even the leaves of orange trees. See Charles A. Smart, Viva Juárez!, p. 274. General Comonfort was surprised and defeated by Leonado Márquez and General Archille Francois Bazaine, the French Second in Command at San Lorenzo, while trying to get a train of supplies to Puebla. General Comonfort lost 1000 men killed and wounded, and another 1000 taken prisoner, and large quantities of supplies were also seized.

14 The Times, July 17, 1863, p. 12.

After the surrender of Puebla, President Juárez decided that the capital could not be held and plans were therefore made for the evacuation of his government to San Luis Potosí where it was believed that better resistance against the French could be effected.<sup>15</sup> Congress voted Juárez extraordinary powers to last for the duration of the war, and ordered the chief federal authorities to transfer the government to San Luis Potosí. Thus on May 31, Juárez, accompanied by the greater part of the public officials, left the capital.<sup>16</sup> However, French successes forced Juárez to move his government to Queretaro, and from there he was pushed to the border of the United States.

After the evacuation of Mexico City by the Juárez government, the leaders of the Church Party tended their allegiance to Napoleon III. This action so exasperated the populace of Mexico City that a division of the French troops had to be sent into the capital.<sup>17</sup> French forces under General Bazaine occupied the capital on 5 June 1863, and five days later the whole of the French forces under General Alie Frédéric Forey, the French Commander-in-Chief, arrived.<sup>18</sup> The principal Conservative leaders then sent a deputation to the general offering their submission.

On June 16 General Forey proceeded with the organisation of a Mexican government by nominating "a superior Council of Government" composed of thirty-five notables. The few moderate liberals nominated declined the honour, so that conservatives were left in complete control.<sup>19</sup> The Council in turn, selected a temporary regency consisting of General

15 The Times, July 13, 1863, p. 11, and Charles A. Smart, Viva Juárez! A Biography, Greenwood Press, Westport, Connecticut, 1963, p. 276.

16 Ivie E. Cadenhead, Jr., Benito Juárez, Twayne Publishers, New York, 1973, p. 91.

17 The Times, July 11, 1863, p. 11.

18 The Times, July 13, 1863, p. 10.

19 Wilfrid Hardy Callcott, Liberalism in Mexico, 1857-1929, Archon Books, Hamden, Connecticut, 1965, p. 46.



Juan Almonte, Archbishop Pelagio Llabastida of Puebla and General José Mariano Salas. It also proceeded to select a National Assembly of two hundred and fifteen 'notables' who with them were to decide the future of the Mexican government.<sup>20</sup> This National Assembly which was ultra conservative and pro-French, met on July 7 and three days later agreed to the following proclamation:

- (i) the Mexican nation adopts, as its form of government, a limited hereditary monarchy, with a catholic prince.<sup>21</sup>
- (ii) the sovereign will take the title of Emperor of Mexico.
- (iii) The imperial crown of Mexico is offered to his Imperial and Royal Highness, the Prince Ferdinand Maximilian, Archduke of Austria, for himself and his descendants.
- (iv) In case, because of circumstances impossible to foresee, the Archduke Ferdinand Maximilian does not take possession of the throne which is offered to him, the Mexican nation submits itself to the benevolence of His Majesty Napoleon III, Emperor of the French, in order that he may indicate another catholic prince.<sup>22</sup>

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20 Lalford L. Hoskins, "French views of the Monroe Doctrine", Hispanic American Historical Review (H.A.H.R.,) Vol. 4, 1921, p. 684. Carleton Beals in José Luis Blasio, Maximilian Emperor of Mexico, Memoirs of his Private Secretary (Translated and edited by Robert H. Murray), Yale University Press, New Haven, 1944, p. xvii. claims that the 35 "notables" were handpicked by the intriguing French Minister Count Dubois de Saligny, and that many of the 215 members of the National Assembly were so 'shabby' that they had to be provided with clothes by the French army.'

21 Instructions sent to General Forey in June 1863, despatched a few days before the news reached Paris of the fall of Puebla, contained no mention of the establishment of a monarchy. He was only advised to strive to conciliate all parties, and to set up a provisional government to be composed of moderates from all parties. However these instructions had not reached him when he entered Mexico and convoked the notables. See Daniel Dawson, The Mexican Adventure, p. 237.

22 Rafael de Zayas Enríquez, Benito Juárez, Su Vida-Su Obra, Mexico, 1906, p.179, quoted and translated by W.H. Callcott, Liberalism in Mexico, 1857-1929, Archon Books, Hamden, Connecticut, 1965, p. 47. This proclamation was validated by a plebiscite in 1864, held under the auspices of the French army. This plebiscite was however held among a people mostly illiterate and indifferent. The elections were also rigged. See C.A. Smart, Viva Juárez! p. 287.



It appears that Napoleon III was not pleased with this step taken by his officials in Mexico, for he manifested his displeasure by the recalling of Saligny and General Forey.<sup>23</sup> Unfortunately, for these zealous officials, Napoleon's policy had undergone a transformation. The French cabinet had convinced him that he ought to withdraw from Mexico, appeased by the prestige of victory and content to treat with the Juárez government for redress of grievances.<sup>24</sup> Napoleon, however, now felt that he could not draw back from the policy to which he stood publicly committed. Large reinforcements and extensive operations became necessary to establish an empire which Mexicans would not receive gladly.

No successes on the field of battle sufficed to stamp out armed resistance to the invading French forces, and no distribution of 38,000 French soldiers in garrisons could destroy the authority of the Juárez government in regions not continuously policed by strong military force.<sup>25</sup> However, once the French had formed a government in Mexico, a deputation of eight conservative Mexicans left Mexico on August 15 and 16 to convey to the Archduke Maximilian the offer of the Crown of Mexico. This deputation consisted of José Manuel Hidalgo Esnaurrizar, a former Secretary of the Mexican legation at Paris and Madrid. This was the man behind French

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23 It may well be that General Forey by convoking the notables and by permitting the proclamation of the Empire, forced Napoleon's hand and compelled a task which in reality he was no longer to his liking.

24 Clyde Augustus Danlway, 'Reasons for the Withdrawal of the French from Mexico', American Historical Association, 1902, Vol. 1, p. 320-321. Napoleon had not expected any opposition against his forces, and believed that the French flag would be acclaimed everywhere as a symbol of deliverance from anarchy and oppression. He also expected that under the protection of the French a free national choice would speedily result in the organisation of a stable monarchy. These expectations received a series of rude shocks from the checks suffered by his "armies of deliverance". He also faced stiff opposition in France against this enterprise, and he himself contemplated with a growing dismay the heavy cost of the long campaign, the prospects of still heavier sacrifices, the certainty of American opposition once the American Civil War ended, and the risks involved in keeping a French army 5000 miles distance from a disturbed Europe, would have been content to abandon the enterprise and negotiate with the liberals. See Daniel Dawson, The Mexican Adventure, p. 288.

25 Ibid.



intervention in Mexico, for he persuaded Napoleon III that the intervention would be welcomed by the whole Mexican nation; José María Gutiérrez de Estrada, a former Secretary for Foreign Affairs, and Minister at one time in Rome. He supported the intervention for religious purposes. He was also the head of this deputation; Antonio Escandón, Tomás Murphy, General Woll, Ignacio Aguilar, Joaquín Velásquez de León, Francisco Miranda, and Angel Iglésias who acted as Secretary. The first four members sailed from Vera Cruz on 15 August for various parts of Europe to influence foreign opinion in favour of the new government. The others left a day later via St. Nazaire for Trieste, Austria. The whole delegation met Maximilian at Miramar on October 3, 1863.<sup>26</sup>

Maximilian announced his acceptance of the throne on condition that:

- (i) There was a spontaneous and unanimous appeal from the Mexican people; and,
- (ii) he receives the moral and material cooperation of the western powers in the establishment of a respected and stable government.<sup>27</sup>

He did however later accept the crown with no preconditions for Britain refused to give him any guarantees. He therefore accepted the crown "at all risks and peril", and even renounced his rights and prerogatives as the nearest prince to the crown of Austria.<sup>28</sup>

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26 Percy F. Martin, Maximilian in Mexico. The Story of the French Intervention, 1861-1867, Constable and Co.Ltd., 1914, p. 125, and The Times, September 10, 1863, p. 10.

27 'Memorial Diplomatique', Paris, September 5, 1863, abstract in The Times, September 7, 1863.

28 The Times, September 23, 1863, p. 12.

Britain did not object to any reorganisation of Mexico. The Times argued that Britain could not oppose "the predominance of French policy in the construction of the new government for France had fairly earned a right of control" by intervening alone in the internal affairs of Mexico.<sup>29</sup> Britain was however not prepared to recognise Maximilian before he had established himself in Mexico, or give any guarantees to his government. This was mainly due to the fear of the United States hostilities and reaction. The American government had expressed in strong terms against any European involvement in the internal affairs of Mexico.<sup>30</sup>

Britain did however believe that Maximilian under the protection of the French Emperor would offer the best chances of restoring peace and order in Mexico. This would then enable the British to put forward their claims for compensation for injustices and confiscation of property by the several Mexican administrations. There was also a hope of the resumption of payment of Mexican foreign debts. The question of Britain not recognizing 'a stable and civilized' government

29 The Times, September 19, 1863, p. 10.

30 Lalford, L. Hoskins, 'French views of the Monroe Doctrine', H.A.H.R., Vol.4, 1921, p. 687. The United States refused to recognise the Mexican Empire and declared that her people were of the firm conviction that progress was not possible in Mexico except by means of political institutions identical with those of the other countries on the American continent. That if the French established a monarchy in Mexico this would spell danger to the peace and happiness of the United States, as well as to her republican institutions.

In March, 1864, Maximilian was in London with his father-in-law, King Leopold of Belgium, endeavouring to obtain British recognition. The British government however declined to act immediately, but gave him hopes that it would recognise him as soon as the situation in Mexico appeared to justify such action. See Edgar Turlington, Mexico and Her Foreign Creditors, Columbia University Press, New York, 1930, p. 153.



which would restore both peace and commerce and pay foreign debts, was out of question. Lord Palmerston only waited for Maximilian to establish himself in Mexico before extending British recognition.<sup>31</sup>

Maximilian arrived in Mexico City on June 12, 1864, and was soon recognised by most of the European powers. The French declared that the Maximilian government would be "perfectly independent and as liberal as possible." Arrangements were however made for the establishment in Mexico of 25,000 French troops, 8,000 of whom were to remain in the country permanently.<sup>32</sup>

After establishing himself in Mexico, Maximilian looked to Britain for recognition. The British Cabinet was divided as to whether it should extend its recognition. The support for Maximilian rested upon the Prime Minister while the Foreign Secretary, Lord Russell, was reluctant to extend recognition to a minority government, and therefore forced a delay until it was established that the Mexicans favoured a monarchy.<sup>33</sup>

Maximilian did not however give up the hope of at least obtaining tangible expression of British sympathy. He therefore initiated a most

31 Egon Caesar Count Corti, Maximilian and Charlotte of Mexico, Vol. II, Alfred A. Knopf, London, 1928, p. 447.

32 Lalford L. Hoskins, 'The French views of the Monroe Doctrine', H.A.H.R., Vol. 4, 1921, p. 685.

33 Egon Caesar Count Corti, Maximilian and Charlotte of Mexico, Vol. II, p. 442, and Daniel Dawson, The Mexican Adventure, p. 299 and 321. Lord Palmerston had written to King Leopold of Belgium that he hoped that the foundation of a good and orderly government in Mexico under Maximilian would turn out to be not only for the good of Mexico, but for the greatest advantage of Europe. Lord Russell had tried in 1863 to persuade Maximilian not to accept the offer of the Crown of Mexico, and instead offered him the throne of Greece which was vacant as a result of King Otto's abdication. Maximilian however declined the offer because the Greek crown had been "hawked around", and because he neither liked nor trusted the Greeks.

vigorous effort to influence the British public opinion and that of the British government. He attempted to secure the support of the British public through the British business community. It was his belief that in British commercial and business circles, the foundation of a stable power in Mexico would be regarded with friendly eyes.<sup>34</sup> It was his intention, therefore, to try and win, and then employ as "levers" certain important Englishmen whose names carried weight with the British public. Maximilian also had two Mexican agents in Britain, Señor Velasquez and Tomás Murphy, who worked to secure British recognition. These two men inserted letters and articles in the leading British newspapers and journals, arguing in favour of the recognition of the Maximilian government. They also held 'meetings' urging for British recognition of the Emperor.<sup>35</sup>

Baron Thierry, an Austrian ex-minister, who was placed in supreme command of this campaign was instructed by Maximilian to appoint agents to make full use of the press and to arrange meetings urging for recognition of the Mexican Imperial government. He was also to induce the British government towards this end, and to mobilise the support of British politicians who were to act as a pressure group in the British parliament.<sup>36</sup> He was to make an attempt to induce the British

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34 Daniel Dawson, The Mexican Adventure, G. Bell and Sons Ltd., London, 1935, p. 322.

35 Daniel Dawson, The Mexican Adventure, p. 322. Maximilian sought the help of John Arthur Roebuck, M.P. for Sheffield who was an acknowledged leader of the British supporters of the American confederates in 1863, and who was also sympathetic to the Mexican venture. Roebuck was responsible for the downfall of the Aberdeen government in 1855. He was very sympathetic to Maximilian and was willing to assist in every possible way. Other Englishmen contacted by Maximilian agents included Orrel-Lever, a banker, Somerset-Beaumont and Major John de Havilland.

36 Daniel Dawson, The Mexican Adventure, p. 323.



holders of Mexican Bonds to present an address to the British government urging it to give active support to the establishment of the Mexican Empire.

John A. Roebuck, M.P. instructed Baron Thierry that a good pamphlet, intelligently drawn up, should be published and sent to every member of the British Parliament, to important Chambers of Commerce and other well known societies. Copies were also to be sent to the leading newspapers in an effort to enlighten the British public and improve their opinion in favour of Maximilian.<sup>37</sup>

Unfortunately these efforts appear to have had very little success for apart from the Bondholders, few British commercial houses were interested in the Mexican trade. Prolonged civil wars had caused the collapse of many of the British firms in Mexico.<sup>38</sup> Overtures to the London bankers also remained fruitless, even though the Baring Brothers were sympathetic, they were not willing to risk their capital in Mexico. They also felt that any attempts to influence the policy of the British government would prove fruitless.<sup>39</sup>

Maximilian did however secure a British loan in 1864 when an agreement was reached on 20th March between Count Zichy and a representative of the House of Glyn, Mills and Company of London.

37 Daniel Dawson, The Mexican Adventure, p. 324.

38 The Empress Eugenie to the Empress Charlotte, undated, 1864, Egon Caesar Count Corti, Maximilian and Charlotte of Mexico, Vol. II, Alfred A. Knopf, London, 1928, Appendix, p. 883, and Daniel Dawson, The Mexican Adventure, p. 327.

39 Daniel Dawson, The Mexican Adventure, p. 327.

Four days later the House advanced a loan of £8 million at 6% interest.<sup>40</sup> As a result of the help Maximilian received from the London Bondholders, he issued a decree on 11 April 1864, converting their debt into 3% bonds totalling £4,864,000. Another decree of the same date provided for the conversion of the twenty unpaid coupons of interest from January 1, 1854, to July 1, 1863, on the old bonds of this debt into new 3% at the rate of £60 in coupons into £100 in bonds.<sup>41</sup>

British recognition of the Maximilian Government.

In 1864 Britain extended its recognition of the Maximilian government. Pressure for recognition came from Lord Palmerston and Queen Victoria.<sup>42</sup> Lord Palmerston hoped that a good and orderly government in Mexico under the sovereignty of the new Emperor would turn out to be not only for the benefit of Mexico, but also for the greatest advantage of Europe.<sup>43</sup> He assured Maximilian that everyone in Britain believed in the success of the greatest task which he had taken upon himself. He assured the Emperor that the United States

- 40 Alfred Tischendorf, Great Britain and Mexico in the Era of Porfirio Diaz, Duke University Press, Durham, 1961, p. 6, and Edgar Turlington, Mexico and Her Foreign Creditors, Columbia University Press, New York, 1930, p. 153. This loan was issued at 63% face value, and it was stipulated that two years interest was to be reserved out of the proceeds of this loan. The London Bondholders were the sole supporters of this loan. They hoped that by advancing a loan to Maximilian, it would induce the Emperor to resume the payment of their debts. As a result of their support Maximilian, on 10 April 1864, the day of his formal acceptance of the Mexican throne, established a Mexican financial committee, to consist of one representative of Mexico, one representative of the French bondholders and one representative of the English bondholders. The French representative, Count de Germiny was appointed chairman of this committee.
- 41 Edgar Turlington, Mexico and Her Foreign Creditors, Columbia University Press, New York, 1930, p. 153-154. As the unpaid interest amounted to £3,072,495, the holders of these coupons were entitled to £5,120,817 of the new bonds to be issued. However under Maximilian only nineteen unpaid coupons were actually converted.
- 42 Egon Caesar Count Corti, Maximilian and Charlotte of Mexico, Vol. II, Alfred A. Knopf, London, 1928, p. 551, and Carl H. Bock, Prelude to Tragedy ..., p. 445.
- 43 Egon Caesar Count Corti, Maximilian and Charlotte of Mexico, Alfred A. Knopf, London, 1928, Vol. II, p. 442.



would have so much to do with their own reconstruction after its Civil War, and that it was more than likely that she would abstain from disturbing him in any way.<sup>44</sup>

Britain sent to Mexico an Envoy Extraordinary and Minister, Sir Peter Campbell Scarlett, thus making its recognition of Maximilian official. Palmerston had thus kept his word; the British government had waited for the installation of Maximilian in Mexico before deciding to recognise the new order of things.

The British Envoy Extraordinary and Minister, Sir Peter Campbell Scarlett had a lot of influence with the Mexican Emperor, for Maximilian found him "most cordial and honourable". He advised the Emperor that it would be dignified to fight to the end rather than to abdicate in the face of the advancing Juárez forces. He believed that the rumours by European newspapers that France had sold Mexico to the United States to be true. He also believed that Maximilian would have been able to obtain the recognition of his government by President Johnson of the United States by a sacrifice of Mexican territory and money. This he maintained, Maximilian had refused for it would have constituted an act of treason.<sup>45</sup>

#### Claims Convention of 1866 by the Maximilian Government

On 26 June 1866 the British Envoy entered into a Convention with the Mexican Councillor of State, Don Tomás Murphy, to settle all

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44 Egon Caesar Cohnert Corti, op.cit. p. 552.

45 Egon Caesar Count Corti, Maximilian and Charlotte of Mexico, Vol. II, Alfred A. Knopf, London, 1928, p. 731, 746 and 749.

recognised British claims by a mixed commission of five officials.<sup>46</sup> Only such claims were to be admitted "for which the Mexican government (was) responsible in accordance with generally admitted principles of international law, and which in origin, continuity and actuality (were) British."<sup>47</sup>

All claims which had already been represented as well as others to be presented, were to be preferred for the purpose of providing their validity and settling the amount to be paid to the four commissioners to be appointed. Two of these commissioners were to be appointed by the British minister, two by the Maximilian government, and the fifth was to be the French representative in Mexico. He was to act as an arbitrator in cases where the commissioners differed in opinion.<sup>48</sup>

All claims were to be submitted within a year, but an extension of an extra year was to be granted in special circumstances where claims could not be provided within the specified period. The Commissioners were to issue to the interested parties certificates of the sums to be paid by virtue of their award, or of that of the arbitrator. It was also agreed that the ratifications of this treaty were to be exchanged on 19 November 1866.<sup>49</sup> The Maximilian government was to be responsible for the payment of awards agreed by the commissioners. The mode and period of payment were to be agreed between the British representative and the government of Maximilian. Claims which had already been recognised as valid by the governments of the two countries were not to be subject to the revision of this commission, and instead whatever had been agreed, was

47 Ibid, Article II, p. 504.

48 Ibid, Article I, p. 503.

49 Ibid, Article III, p. 504. The Commission was to issue to the interested parties certificates of the sums to be paid by virtue of this award.



to be observed. Those which had not been agreed upon, the Commission was to decide the mode and period of payment.

These claims were however not fulfilled as a result of Napoleon III's withdrawal of the French forces in Mexico at the end of 1866. The withdrawal of the French protection and financial assistance led to the collapse of the Maximilian Empire.<sup>50</sup> The decision by Napoleon III to withdraw his troops came as a result of both external and internal pressure.

The hostile attitude of the United States was one of the main reasons why French troops were withdrawn. The United States remained opposed to Maximilian and lent both moral and material support to Juárez. The United States recognised the liberal government in exile just before the American Civil War ended, and sent money and arms to Juárez' forces. It also demanded that French troops should be withdrawn from Mexico.<sup>51</sup>

Napoleon also faced strong opposition at home as a result of heavy expenditure incurred in the intervention. In the face of most determined French opposition, Napoleon took steps to recall his forces, laying all the blame for the excesses in Mexico at the door of Maximilian.<sup>52</sup>

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50 A.H. Fuller, The Mexican Claims Commissions, 1823-1934, The Macmillan Company, New York, 1935, p. 11.

51 Egon Caesar Count Corti, Maximilian and Charlotte of Mexico, Vol. I, Alfred A. Knopf, London, 1928, p. 309-310.

52 Clyde Augustus Duniway, "Reasons for the Withdrawal of the French from Mexico", Annual Report of the American Historical Association, Vol. I, 1902, p. 322. A series of deficits in the French Treasury compelled the adoption of a policy of retrenchment. France could not afford to supply soldiers and pay the cost of civil administration for Maximilian. In fact the effective force of the French national army in France had to be reduced in order to secure a balanced budget. Since there was no hope of making the Mexican Empire self supporting, the opposition in France pressured Napoleon to abandon the whole project.



In December 1866, he renounced the monarchical government of Mexico and accepted the return to republicanism on condition that the United States would maintain the government to be established.<sup>53</sup> The last French troops were withdrawn from Mexico on March 13, 1867.

Maximilian's liberal policies, and his resort to forced loans in 1867, alienated his conservative supporters while at the same time he did not get liberal support. The conservatives and the propertied classes abandoned him because he had chosen liberal ministers, introduced reforms to modernize Mexico at their expense, improved the lot of Indians, and because he had accepted the nationalisation and sale of Church property implemented by the Juárez government.<sup>54</sup> Juárez' successes in 1867 forced liberal monarchists to swing their support away from Maximilian. In the end Maximilian was abandoned by everyone except for the die-hard conservatives.

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53 Lalford L. Hoskins, "French Views of the Monroe Doctrine", H.A.H.R., Vol. IV, 1921, p. 689. Napoleon also abandoned Maximilian in order to have a free hand in securing French interests in Europe which were more important than the Mexican Empire. The question of the adjustment of European boundaries, and Bismack aggressive policy, were a source of anxiety for Napoleon. He needed French troops at hand if he were to benefit from the struggle for supremacy between Prussia and Austria. See Clyde Augustus Duniway, op.cit., p. 315-328.

54 Jan Bazant, A Concise History of Mexico from Hidalgo to Cardenas, 1805-1940, Cambridge University Press, New York, 1977, p. 87-89, and Edgar Turlington, Mexico and Her Foreign Creditors, Columbia University Press, New York, 1930, p. 170. A decree of 1 November 1865, Maximilian granted to labourers the right to leave their employment at will. Hours of work and children labour were restricted, and all debts over 10 pesos were annulled. Corporal punishment was forbidden and peddlers were permitted to enter the hacienda ground and offer their goods to peons, thereby breaking the monopoly of hacienda stores. Landowners however boycotted this decree. Maximilian also restored to Indian villages the right to own property, and one year later granted ejidos to those communities that did not have them. These measures alienated both the conservatives and the propertied classes from Maximilian.

Forced loans were introduced in January 1867, but this proved unsuccessful. The government thereupon issued a decree imposing an extraordinary tax of 1%. Before the end of March it levied upon the City of Mexico a forced loan of 850,000 pesos.



The defeat of Maximilian forces led to his capture at Querétaro. Maximilian together with his staunch supporters, Generals Miramón and Ignacio Mejía, were executed on 19 June, 1867 on charges of war crimes.<sup>55</sup> By the end of June, peace and order was restored, and the conservatives completely defeated.

#### British Recognition of the Juárez Government

In August 1867 the British government recognised the new government established by the Liberals, but this decision was not well received by the Juárez government. It regarded this British recognition as:

Intelligible, not only because (Britain) has an interest in establishing intercourse with (Mexico), but because it is her policy to treat with governments de facto, without meddling with investigations respecting the internal affairs of each country.<sup>56</sup>

There was a deep resentment in Mexico against European powers that had recognised the Maximilian government, and on the other hand, there was an appreciation for the attitude of the United States which had strongly opposed the creation of a monarchy in this country. National pride led the Mexicans to break off diplomatic relations with all the European powers which had recognised the Imperial government. The Juárez government not only repudiated all loans contracted in

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55 Jan Bazant, A Concise History of Mexico, p. 89-90. Sir Peter Campbell Scarlett left Mexico just before the capture of Maximilian.  
 56 Extract from the Mexican 'Official Gazette', enclosed in Middleton to Lord Stanley, Mexico, November 5, 1867, in 'Papers relating to the withdrawal of the British Mission from Mexico', Parliamentary Papers, LXXIII, 1867-1868, p. 564. R.T.C. Middleton, the Secretary of the British Legation at Mexico City, was made Acting Chargé d'Affaires of Great Britain in Mexico.

Europe by the empire, but also declared that it would not renew payments on the old British debt and that the bondholders who apparently had approved the military intervention in Mexico at least in the initial stage, would have to wait.<sup>57</sup>

British investments in Mexico were however left unmolested. The Juárez government considered that the London Bank of Mexico and South America had remained neutral in the struggle; it had dealt of course mainly with the empire; but at least on one occasion it had advanced some money in London to the treasurer of the Juárez government in exile. Besides Mexico's economy was utterly exhausted so the bank was allowed to continue its operations.<sup>58</sup> Juárez also pardoned the Mexican Railroad Company for its past collaboration with the empire, so construction could be continued on the Vera Cruz-Puebla-Mexico City railway line.<sup>59</sup>

In August 1867 Fredrick Glennie, the British Consul at Mexico City, appeared before a judge in Mexico City to discuss the inter state property of a British subject, was informed by the Juárez government

57 Jan Bazant, A Concise History of Mexico, p. 91.

58 Jan Bazant, A Concise History of Mexico, p. 91. This bank was opened in Mexico in 1864 when this country, under French protection, became again an attractive place for British investments. The bank introduced the circulation of bank notes for the first time in Mexico.

59 This Company was formed in London in 1862, and two years later the concessions granted to Antonio Escandon, a Mexican entrepreneur who had introduced modern stage coaches on the Vera Cruz-Puebla-Mexico City highway, were transferred to it. He however, retained a minority of shares. Work proceeded so fast that by 1867 when the empire collapsed, almost one half of the 424 kilometre line was completed. See Bazant, op.cit., p. 87-88.



that it could not recognise him in his official capacity.<sup>60</sup> The Mexican Secretary of Foreign Relations, Sebastian Lerdo de Tejada, informed him that his government would not recognise any person who might have held a consular appointment during the Imperial rule.<sup>61</sup> As a result of this Mexican decision the British Chargé d'Affairs, R.T.C. Middleton, with the approval of the British Foreign Secretary, Lord Stanley, addressed a circular to all the British consular officials instructing them to refrain from exercising any official functions. They were also requested to remove their flags and any other insignia denoting their official character from their place of residence.<sup>62</sup>

As a result of this Mexican action not to recognise European diplomats, the British government had no other option but to close its mission in Mexico. Lord Stanley declared that this Mexican action rendered it "no longer compatible with the dignity of Her Majesty's government to keep in Mexico even the semblance of a diplomatic mission."<sup>63</sup>

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60 Senor Lerdo to Consul Glennie, Department of Foreign Affairs, Mexico, August 30, 1867 in Middleton to Lord Stanley, Mexico, September 3, 1867; and Middleton to Lord Stanley, Mexico, August 28, 1867 and enclosure 1 (Consul Glennie to Middleton, Mexico, August 27, 1867) and enclosure 2 (Consul Glennie to Middleton, Mexico, August 26, 1867, Parliamentary Papers, Vol. LXXIII, 1867-1868, p. 559-561.

61 Middleton to Lord Stanley, Mexico, August 28, 1867 and enclosures 1 (Glennie to Middleton, Mexico, August 26, 1867); and 2 (Consul Glennie to Middleton, Mexico, August 26, 1867); and enclosure 1 in No. 3 (Senor Lerdo to Consul Glennie, Department of Foreign Affairs, Mexico, August 30, 1867) in Middleton to Lord Stanley, Mexico September 3, 1867, Parliamentary Papers, Vol. LXXIII, 1867-1868, p. 559-561.

62 Middleton to Lord Stanley, Mexico, September 3, 1867 and enclosure 3 (circular addressed to H.M.'s Consuls in Mexico by Mr. Middleton, Mexico, September 2, 1867), Parliamentary Papers, Vol. LXXIII, 1867-1868, p. 560-561.

63 Lord Stanley to Middleton, Foreign Office, October 25, 1867, Parliamentary Papers, Vol. LXXIII, 1867-1868, p. 562.

The British Charge d'Affaires was therefore instructed by Lord Stanley on October 25 to apply to the Mexican government for the passports of the members of his mission and to request necessary escort to enable them to reach the port of Vera Cruz in safety. Middleton was also instructed to place under the protection of the Mexican government British subjects and their property. He was also to call upon the Mexican government to secure from injury at the hands of the public authorities all British subjects residing in or passing through Mexico; and to extend to them, as long as they were within the country, and to their property, all justice in all their dealings.<sup>64</sup>

Britain did however retain her other consulates outside the capital, and these consular officials were instructed to leave Mexico only when it was absolutely necessary. They were however instructed to refrain from any attempts at forcing official communication with the Mexican authorities. They were to confine themselves to verbal representation on behalf of any British interests that may be placed in jeopardy.<sup>65</sup> They were to apply not so much to treaties as to the goodwill of the Mexican authorities. When making such representations Lord Stanley hoped that the Mexican authorities would yield to friendly representations.

Lord Stanley instructed the British Secretary of Admiralty to direct the British Commander-in-Chief in the West Indies to send a

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64 Lord Stanley to Middleton, Foreign Office, October 25, 1867, Parliamentary Papers, 1867-1868, p. 562. Though Lord Stanley decided to withdraw the British Mission from Mexico, he decided to retain British consulates outside Mexico City in an official capacity to look after the affairs of British subjects.

65 Lord Stanley to Middleton, Foreign Office, October 25, 1867, Parliamentary Papers, Vol. LXXIII, 1867-1868, p. 563.



naval vessel to Vera Cruz to pick up Middleton and his staff.<sup>66</sup>

Lord Stanley also thought it desirable that Vera Cruz should be visited regularly by British naval ships to afford countenance to the British residents in Mexico.

President Juárez and Señor Montes, the president of the Chamber in the Mexican National Congress, distinctly asserted that the treaties of Mexico with European powers were annulled by the fact that the latter recognised the Maximilian government, and thus breached their neutrality.<sup>67</sup> It was Juárez's argument that this European action led to their breaking the treaties signed with the Mexican nation, and thus severed diplomatic relations with Mexico.<sup>68</sup>

Señor Montes assured European powers that Mexico refused neither her friendship nor her commerce to any country in the world, but she would not solicit diplomatic relations from any nation. It was his argument that:

66 Egerton to the Secretary of Admiralty, Foreign Office, October 25, 1867, Nos. 5 and 6, Parliamentary Papers, Vol. LXXIII, 1867-1868, p. 563-564.

67 Middleton to Lord Stanley, Mexico, December 9, 1867, Parliamentary Papers Vol. LXXIII, 1867-1868, p. 565.

68 Extract from the speech of Señor Juárez on the opening of Congress, December 8, 1867, enclosed in Middleton to Lord Stanley, Mexico, December 9, 1867, Parliamentary Papers, Vol. LXXIII, 1867-1868, p. 566. President Juárez argued that the (European) allies by the Convention of London, had placed themselves in a state of war with Mexico. He, however, maintained that his government would not impose any difficulty to the possibility of concluding new treaties, when circumstances permitted, on conditions which would be equitable and suitable, especially in reference to the interests of trade. He also promised the subjects of these three European countries that they would receive the protection of the laws and public authorities of Mexico.

(Mexico) has proved to the world that she is able to defend her sovereign rights against the most powerful enemy: and she is convinced that she does not need any foreign government's recognition of her existence as an independent nation.<sup>69</sup>

Siglo XIX in support of these views, remarked that the treaties signed with these nations ceased to exist from the moment they disowned the Juárez government and recognised Maximilian. It further argued that Mexico was free from engagements as a result of this, and her Sovereignty was therefore at full liberty to re-establish or not these treaties in such a manner as may be most adequate and suitable.<sup>70</sup>

On December 8, 1867, Middleton applied for his passport and those of his staff.<sup>71</sup> He informed Señor Lerdo that he leaves the protection of British subjects and their property under the good will of the Mexican government. Señor Lerdo informed Middleton that his government had been forced into taking this action as a result of European recognition of the Maximilian government. He argued that European powers by this action had put to an end their relations with Mexico by disowning "the existence of the Republic in the Society of nations".<sup>72</sup>

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69 Extract from the speech of Señor Montes, enclosure 2 in Middleton to Lord Stanley, Mexico, December 9, 1867, Parliamentary Papers, Vol. LXXIII, 1867-1868, p. 565.

70 Extract from Siglo XIX, Article by Antonio Q. Perez, cutting enclosed in Middleton to Lord Stanley, Mexico, December 9, 1867, Parliamentary Papers, Vol. LXXIII, 1867-1868, p. 566. Siglo XIX was a liberal newspaper that enjoyed a considerable reputation in Mexico City.

71 Middleton to Señor Lerdo, Mexico, December 8, 1867, in Middleton to Lord Stanley, December 9, 1867, Parliamentary Papers, Vol. LXXIII, 1867-1868, p. 568. The British Mission staff who were to accompany Middleton back to Britain included C.S. Scott, Second Secretary, F. Glennie, Consul at Mexico City, W. Earrington, translator, and Rafael Beraza, a messenger at the mission.

72 Señor Lerdo to Middleton, Department of foreign affairs, Mexico, December 11, 1867, and Middleton to Lord Stanley, Mexico, December 22, 1867, Parliamentary Papers, Vol. LXXIII, 1867-1868, p. 572-573.



Before leaving Mexico on January 3, 1868, Middleton advised the British consuls remaining behind in that country to place on record, in case of injury done to British subjects, the most complete and dispassionate evidence of the character and extent of the injury done. The evidence collected was to enable the British government at a future date to use it when demanding redress from the Mexican government.<sup>73</sup>

Middleton appointed the House of Barron, Forbes and Co. to act temporarily in the absence of Consul Glennie, as agents of the British Convention fund.<sup>74</sup> The Mexican government had however by late December 1867 decided to dispose of the amount deposited with that house for the British Conventional Bondholders. The Mexican government aimed at the establishment of a new principle for the gradual extinction of the bonds by means of periodical sales.<sup>75</sup> These conventional funds were therefore withdrawn from the above house and deposited with the Mexican treasury department.

Though the Mexican government cancelled the British Convention and withdrew the assignment of all customs duties, it made it clear that it was not disowning the obligations under which the National treasury was to pay the legal and acknowledged bonds of that extinct

73 Circular addressed to H.M.'s Consuls by Middleton, Mexico, December 8, 1867, Parliamentary Papers, Vol. LXXIII, 1867-1868, p. 569. On December 9 Middleton called a meeting of all the British subjects residing at Mexico City and informed them of the British governments decision to withdraw its legation from Mexico. He also imparted to them Lord Stanley's recommendations as to their future conduct in that country.

74 Middleton to Lord Stanley, Mexico City, December, 16, 1867, and enclosure (Middleton to Messrs. Barron, Forbes & Co., Mexico City, December 10, 1867), Parliamentary Papers, Vol. LXXIII, 1867-1868, p. 570. The House of Barron, Forbes & Co. was chosen because of the good reputation it enjoyed in Mexico, and also because Mr. Eustance Barron and his late father successfully held the post of H.M.'s Consul at Tepic. See Middleton to Lord Stanley, Mexico, December 16, 1867, Parliamentary Papers, Vol. LXXIII, 1867-1868, p. 570.

75 Messrs. Barron, Forbes & Co. to Middleton, Mexico, December 28, 1867, in Middleton to Lord Stanley, Vera Cruz, January 3, 1868, Parliamentary Papers, Vol. LXXIII, 1867-1868, p. 576.

Convention. The Mexican government maintained that all it was disowning was that the obligation retained an international character, and that the terms of payment stipulated in an agreement now at an end, ought still to subsist. It thus no longer considered the Convention Bondholders under the protection of the British government.<sup>76</sup>

The London Bondholders agitated the renewal of diplomatic relations between the two countries in the hope that once diplomatic links were reestablished, they would get a fair treatment. Lord Stanley informed them that Britain was not responsible for the breaking of diplomatic relations with Mexico, and that the Mexican government was unwise to consider British recognition of the Maximilian government as an act of hostility. Britain was therefore only willing to resume diplomatic relations if Mexico was prepared to take "a rational view, and show a wish to make up this difference."<sup>77</sup>

Lord Stanley's successor, Lord Clarendon, informed the London Bondholders on October 9, 1869 that if Mexico was interested in the resumption of diplomatic relations, it should officially channel

- 76 Señor Torres to Messrs. Barron, Forbes and Co., Department of Finance and Public Credit, Mexico, December 21, 1867, in Middleton to Lord Stanley, Vera Cruz, January 3, 1868, Parliamentary Papers, Vol. LXXIII, 1867-1868, p. 573. The Mexican government then proceeded to amortize the bonds of the extinct British Convention by public auctions. The creditors of this Convention unsuccessfully tried to make the Mexican government reverse its decision. The London Bondholders also sent their agent, E.J. Perry to Mexico in an attempt to get the Mexican government to resume the payment of their debt. See Alfred Tischendorf, Great Britain and Mexico in the Era of Porfirio Díaz, Duke University Press, Durham, 1961, p.7.
- 77 Alfred Tischendorf, Great Britain and Mexico in the Era of Porfirio Díaz, p. 7.



its willingness through the German or the Italian minister in that country.<sup>78</sup> Mexico was however not keen to consider new proposals for the payment of the British debts, and it therefore made no move to resume diplomatic relations with Britain until 1884.

The recognition of the Maximilian government by the British government appears to have been forced by Premier Lord Palmerston despite Lord John Russell's opposition. The death of Lord Palmerston and King Leopold of Belgium, therefore, robbed Maximilian of two of his firm supporters. The British administrations that followed seemed far more sympathetically inclined towards the Maximilian government. The Juárez government that followed the collapse of the Imperial government, regarded the British recognition of this government as an act of hostility against the Mexican nation and a breach of neutrality. The Juárez government therefore argued that this British action led to the nullification of all the treaties between the two countries.

Apart from national pride, the Mexican government was not keen to renew diplomatic relations for it was in no financial position to continue the payment of British debts. Furthermore it regarded the relations between the two countries as not of mutual advantage to Mexico, and it therefore wished to see the renewal of ties under fresh terms.<sup>79</sup> Mexico was however not keen to immediately renew relations as it needed a period of grace, free of external demands, to reorganise its finances. Diplomatic relations with Britain were therefore not renewed until 1884.

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78 Alfred Tischendorf, Great Britain and Mexico in the Era of Porfirio Díaz, p.8. Britain was in no hurry to renew diplomatic relations with Mexico for the latter was no longer a field of profitable investment for British subjects. The number of British financial houses in Mexico had by 1867 decreased tremendously. Between 1867-76 very few British investors were concerned with Mexican enterprise, and Mexico was seldom mentioned in London financial magazines as a field of profitable investment. See Alfred Tischendorf, op.cit., p. 8-9.

79 Extract from the Speech of Señor Juárez on the opening of Congress, December 8, 1867 enclosed in Middleton to Lord Stanley, Mexico, December 9, 1867, Parliamentary Papers, 1867-1868, Vol. LXXIII, p. 566.

### CHAPTER XIII    CONCLUSION

The policy of the British government towards Mexico consisted of two principal elements: (1) the protection and extension of British trade, and (2) non-intervention in the internal affairs of that country. She desired to see Mexico free and independent, and in a position to regulate its civil administration, to maintain internal peace and to discharge its international duties without the active intervention of any foreign power.<sup>1</sup> Her diplomacy towards Mexico was virtually commercial in function.<sup>2</sup> She neither sought any exclusive political influence nor any commercial advantages which she was not prepared to share with all the other nations.

Before 1822 Britain favoured the restoration of the Spanish authority in Mexico for strategic reasons. It was important for her that the Spanish Empire remains intact if her alliance with Spain against France were to remain strong. At this stage Britain was more concerned with the European power politics than with the emancipation of Latin American nations. She therefore favoured the settlement of the conflict between Spain and her colonies through peaceful means.

Viscount Castlereagh's government offered to mediate in an effort to return the colonies into the Spanish fold on condition

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1 Lord J. Russell to Sir Charles Wyke, Foreign Office, 30 March 1861, in 'Correspondence Related to the Affairs of Mexico', Parliamentary Papers, Vol. LXIV, 1862, p. 107-110.

2 D.C.M. Platt, British Capital, Commerce, and Diplomacy in Latin America, Independence to 1914 - Intervention or Abstention? D. Phil Thesis, Oxford University, 1962, p. 111. In promoting and protecting British commercial interests in Mexico, the policy of the British government was influenced by the considerations of Laissez-faire, free trade, the restrictive role of government in commerce, and by a consistent adherence to the principle of international law.



that Spain adopted liberal political and economic principles as the basis of its future supremacy. Britain refused all secret commercial advantages offered to her in return for her mediation efforts, and insisted upon the inclusion of Mexico in any negotiations between the two parties in the conflict. Most of all, Britain insisted that force should not be used against the Spanish colonies as a means of restoring Spanish authority.

By 1816 Castlereagh was convinced that Spain could never re-establish her authority in Spanish America, or tranquillize her former colonies upon the principles of her ancient colonial policy. Spain was however not prepared to open her colonies to international trade, and insisted upon being helped militarily to recover her authority. Britain was however not prepared to either help Spain recover her colonies by force, or recognise these breakaway colonies as independent states. Castlereagh did not want to act in isolation by recognising their independence for fear of splitting her alliance with Spain which was important for the peace of Europe.

Castlereagh's policy before 1818 was designed to avert two great dangers to British interests: (a) it was necessary for Britain to prevent any European power from aiding Spain militarily to recover her authority in Mexico and the rest of Spanish America; and (b) it was necessary to stop the United States from extending her political and commercial influence in Latin America by recognising the existence of these colonies as separate states.

The change in the British policy in favour of Mexico's and the rest of Spanish American independence came as a result of Spain's refusal to accept peaceful mediation; the recognition of these states by the United States in 1823; the fear that the Americans would gain both

political and economic influence in these new states; the damage inflicted upon the British commerce by the Spanish trade monopoly in Spanish America; the seizure of British merchant ships by both Spaniards and pirates in the West Indies; and by the fear that if France helped Spain to recover her colonies by the use of force, then the French would gain both economic privileges and political influence to the exclusion on Britain.

Before Britain recognised the independence of these states in 1825, she took steps to protect her commercial interests in Spanish America. She opened her ports in 1822 to the flags and ships of these nations, and also opened commercial consulates in states like Mexico. However apart from protecting her commercial interests, Britain remained neutral as a means of avoiding isolation from her European allies who favoured the restoration of Spanish authority.

After 1822 Britain was only prepared to mediate on condition that Spain recognizes the independence of these states. Britain wanted the colonies to offer Spain commercial concessions in exchange of her recognition of their independence. By 1823 George Canning was convinced that Spain could never recover her colonies, and viewed their recognition by Britain as one of time and circumstance. He was however not opposed to any arrangement between these states and their mothercountry by amicable negotiations. Though Britain did not want to possess any of these former Spanish colonies, she was not prepared to see them transferred to any other power. Canning also wanted Spain to lead the European powers in recognising these states as a gesture in maintaining Spanish pride.

Britain's recognition of Mexico's independence was therefore



delayed because of British fear of angering both Spain and her other European allies. Furthermore Britain wanted recognition to be a joint European venture led by Spain. Lack of accurate information on the actual state of political affairs in Mexico, and the need to be assured of the Mexican friendly attitude towards Britain, were also some of the factors that delayed British recognition. Before Britain could extend her recognition, Canning sent Dr. Patrick Mackie and the Lionel Hervey Commission to ascertain the independence of Mexico; the attitude of the Mexicans towards Britain, and whether Mexico was prepared to receive and treat with proper attention and courtesy British commercial agents; whether Mexico was prepared to afford to the British subjects generally all civil and religious rights; whether Mexico had abolished the slave trade which the British government was campaigning to end; and to ascertain the attitude of Mexicans towards Spain, and on what form of relation Mexico was willing to have with her mother country.<sup>3</sup>

The growing British commercial interests in Mexico, increased British investments in that country's silver mines, and the rapid increase in the number of British subjects, necessitated the opening of commercial consulates. Britain withheld political recognition until overwhelming odds had been brought against her.<sup>4</sup> The recognition of Mexico's independence in January 1825 was a step brought about exclusively by British financial interests in Britain. British

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3 F.O. 50/3 George Canning to Lionel Hervey, No. 1 Secret, October 10, 1823

4 Charles K. Webster (ed) Britain and the Independence of Latin America, Vol. I, Oxford University Press, London, 1938, p. 6.

merchants, traders, shipowners, and sympathisers flooded the foreign office and Parliament with petitions urging recognition of the independence of Mexico and other Spanish American states. These men were mainly concerned with the lack of protection for their trade and huge investments in these states.<sup>5</sup>

Canning's recognition of Mexico's independence was conceived largely in the interest of a great potential and actual market for British manufactures. Part of the stimulus to recognition was the prospect of stabilizing and increasing an already considerable British trade, mining and industrial interest. Recognition was also motivated by Canning's fear of the ambitions and designs of the United States and France in this region. He feared that any British delays in recognising Mexico would lead to her rival, the United States, gaining a predominant position and influence in Mexico.

Mexico was also anxious that Britain recognises her independence as soon as possible, and was prepared to offer her commercial advantages in return. Mexican leaders became frustrated when it became clear to them that Britain was more interested in the protection and promotion of her commercial interest and with the European balance of power, than in their independence. They however continued to look to Britain as a great liberal power whose friendship and protection was necessary against any possible European aggression towards their country. It however became clear to them that Britain had undermined the Spanish colonial system primarily in order to expand her trade into Spanish America.

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5 While British policy was directed by self-interest, there were other forces on the side of the Spanish American cause. British liberals who had supported the Americans in their fight for independence, were also active supporters of these new states. They exacted pressure through petitions in the House of Commons, and through articles published in British newspapers. See Charles K. Webster, (ed). Britain and the Independence of Latin America 1812-1830, Vol. I, p. 11.



George Canning was only prepared to ratify the commercial treaty signed between the two countries when the privileges of "a most favoured nation" were granted to Britain. Once he had created conducive conditions for British businessmen in Mexico by getting Mexico to guarantee for them the freedom of trade, civil and religious liberties, and exemption from compulsory military services and forced loans, then Canning agreed for the treaty of Amity, Commerce and Navigation to be signed and ratified by the British government.

A commercial treaty, clearly drawn, giving British subjects the fullest possible range of freedom to enter and "develop" the Mexican economy on the most advantageous terms, was therefore the bedrock on which Canning's Mexican policy was established. The signing of this favourable commercial treaty was to encourage and safeguard British participation in the commerce of Mexico, and to safeguard British investments in this country.

By 1829 Britain was able to establish her dominance in Mexico. The pro-British government of General Victoria was responsible for the consolidation of this influence. General Victoria favoured an alliance with the leading commercial and naval power as a guarantee for the security of his country against the Holy Alliance. He also cultivated British friendship in the hope of gaining the protection of Britain against the United States policy of expansionism. The British owe much to their first Minister Plenipotentiary in Mexico, Henry George Ward, for the consolidation of their influence. Ward cultivated Mexican leaders and spent lavishly to win their support for Britain.

The British were able to establish their dominance in Mexico as a result of various advantages they held over their rivals. These included the British prestige as a great and victorious power, she had well trained diplomats, and had the good will of the Mexicans on her side. Mexicans regarded Britain as a protector of their independence, and as a great liberal power dedicated to the establishment of justice and peace in the world. These advantages coupled with a growing influence as a result of British involvement in the recovery of the Mexican commerce and mining industry, helped Britain to strengthen her influence in Mexico.

Britain was able through her influence, to persuade Mexico to join her in an effort to prevent the use of the Mexican flag by slave traders. Britain was able to sign with Mexico a preventive treaty for the abolition of the slave trade. The delay in signing this treaty was caused by the Mexican fears that the treaty lacked reciprocity, and by the fear of committing Mexico to an agreement which would be difficult to fulfil. The Mexicans also feared that the right of search would harm their commerce.

Britain also used its influence to mediate between France and Mexico in 1838-1839 when the French blockaded Mexican ports. British offer of mediation in this conflict appears to have been motivated by self interest, for Britain tacitly supported the blockade as a justified means to get Mexico to settle French claims. Britain did not regard the French blockade of the Mexican ports as a violation of any international law, and therefore decided not to protest to the French government. Britain only mediated after mounting pressure from her commercial community who were suffering as a result of this blockade.



Petitions from leading British merchants and various Chambers of Commerce, forced the British government to intervene and save the British trade which had almost come to a standstill. She also intervened to save her mining investments for fear that the mines would be forced to close down as the British mining companies could not receive essential supplies.

Once the British government had created suitable conditions in Mexico in which British trade and investment would safely be conducted, the rest in the laissez-faire spirit of the time was left to the individual businessmen. British consul officials were only to offer protection and any possible assistance in protecting British interests, but were not allowed to get involved in any commercial dealings. The central and consistent objective of British diplomacy was therefore the protection and development of the British commercial interest in Mexico. In the era of laissez faire and free trade, it therefore made limited demands on official intervention.

The British mining venture was a disaster for the capital invested was a loss, and only one company, the United Mexican Mining Company, survived past the middle of the Nineteenth Century. Their failure appears to have been caused by several reasons: the short-sightedness on the part of the British investors and the management of the various companies who disregarded the effects of the Wars of Independence on the Mexican mining industry. These men expected that their capital and British technology would work miracles and generate quick profits. When it became clear that profits were not forthcoming, they panicked and withdrew their capital leaving the companies with

little to invest. Failure was also caused by the companies' anxiety to acquire mines under all types of terms offered to them by the mine owners. The British also lacked current and accurate information on the mines, many of the companies bought mines in London without examining them, and merely on account of the past fame the various mines held. Many of these mines were therefore abandoned when they were discovered that they were either difficult to work or that they had reached the end of their life-line.

Though these British mining companies were a failure as an investment venture, the British were able to introduce in Mexico some lasting technical advances, particularly in the area of drainage. Companies like the Real del Monte were able to drain water from the mines more efficiently and cheaply than had been done before in Mexico. The companies however lacked financial resources to import large steam engines and to be able to maintain their workings. They were however able to replace the long-outdated malacate with steam engine, and also to devise a method of treating low grade silver-ore efficiently.

In the absence of a strong and well protected market, British manufactures 'flooded' the Mexican market and virtually destroyed national products, especially in the textile industry. British businessmen and capital replaced that of the peninsulares who fled from Mexico for fear of persecution. British and other foreign loans to Mexico helped to provide the purchasing power in the country for British manufactures which were cheaper and of high quality. British hardware and textile goods undersold those of other nations, and the



British shippers supplied more than 50% of all the Mexican imports.

The history of British loans to Mexico was one of ruinous losses to both the Mexican nation and the British Bondholders. It appears that it was the speculators who benefited out of these transactions. Though the initial loss suffered by the Mexican government in these transactions were great enough, "this foreign parasite continued to grow in size and intensity" until she was no longer able to continue with the payments.<sup>6</sup> By 1860 nearly the whole of her customs revenue was mortgaged to foreign bondholders.

The failure of Mexico to<sup>pay</sup> her foreign creditors was due to exceptional causes:- chronic shortages of funds caused by continual civil wars, blockades of her ports by France in 1838-1839, and the United States in 1846-1848, and the mortgaging of a very large part of her customs revenue to her foreign creditors. All these factors made it impossible for Mexico to have enough revenue to be able to maintain the everyday running of the government and have enough money to pay the foreign bondholders.

From the beginning the British government refused to have any hand in the issue, destination, character, or expenditure of foreign government loans raised in London. It also admitted no responsibility for securing redress in the event of default, for it maintained that the bondholder investment bore the character of speculation which brought no tangible benefits to Britain, and in fact, withdrew capital from the home industries, and involved no element of direction or control. Though the British government remained opposed to any arrangement which might involve responsibility on behalf of the London

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6 C.A. Allen True, "British Loans to the Mexican government 1822-1832," in South-Western Social Science Quarterly, Austin (Texas), 1936-37, p. 356.

Bondholders' interest, it offered her 'good offices' on their behalf.

The 1861 Allied intervention in Mexico represents one of the few examples of full scale British intervention, for British commercial interest in the history of Nineteenth Century Latin America. British limited participation was founded on the breach of Anglo-Mexican conventions, and the violation of diplomatic privilege by Mexico. Two factors legitimized, for the British government, its intervention in Mexico:

(a) The agreement entered into with the Juárez government established at Vera Cruz by Captain Dunlop in 1859. This convention assigned a portion of the customs duties to the payment of the interest on the Doyle Convention Bonds, and it included an undertaking to pay the amounts due to the ordinary Bondholders.

The British government argued that the admission of the responsibility thus explicitly stated in the Dunlop Agreement converted the right of the Bondholders into an international right founded on agreements between two sovereign states. The British government, therefore argued that diplomatic intervention could legitimately take place without reference to the normal policy of abstention. The British government argued further that moreover the Bondholders had claims for 'outrages' committed against their interests by the Mexican authorities, which came within the usual category of diplomatic claims.<sup>7</sup>

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7 These included the 'conducta' of silver from Guanajuato and San Luis Potosi to Tampico seized by officers of the Constitutional (Liberal) Party acting under the orders of General Degollado; and the seizure of £600,000, the property of the London Bondholders deposited at the British legation in Mexico under the British Minister's official seal.



The Mexicans (the Juárez Government) argued that since the Dunlop agreement was signed with the British Naval Officer at a time when the British government had not recognised the Liberal government, then the agreement did not give the Bondholders international diplomatic recognition of their claims.

(b) The diplomatic responsibility implied by the Dunlop Convention, and the 'outrages' committed against the acknowledged property of the Bondholders deposited at the British legation at Mexico city, provided a rationale of intervention which was perfectly justified and acceptable in international law.

Though the British government supported intervention in Mexico, it only wanted to use force as a last resort. British diplomats therefore continued to look for peaceful solutions until the last minute. The British government feared that the blockading of Mexican ports was more than likely to prove harmful to British commercial interest since Britain dominated the trade of that country.

Britain was also opposed in the intervention of the Mexican internal politics and to be a part of the French design to impose Maximilian on the throne of Mexico. She was also opposed to being a supporter of any of the warring parties in Mexico, and thoroughly maintained her neutrality. All she was concerned was for Mexico to settle British claims. The limited participation of Britain in the intervention of 1862 appears to have also been influenced by the fear of angering the United States which was opposed to any European intervention in the Americas. The effects of the Monroe Doctrine, and the attitude it engendered in the United States towards the intervention,

had a great influence on the British policy towards the European intervention in Mexico. The policy of the British government in the post-1860 was to work if at all possible in collaboration with the United States and to avoid any confrontation. Britain was therefore always careful to invite the United States whenever a major coercion was planned against Latin American states.<sup>8</sup>

British recognition of the Maximilian government appears to have been the result of the pressure exacted by the Prime Minister, Lord Palmerston and Queen Victoria. The British Foreign Secretary, Lord Russell, and the British administrations that followed were less sympathetic to Maximilian's minority government which was maintained with the help of the French government both in terms of money and troops.

The suspension of diplomatic relations between Mexico and Britain in 1867 was due to what the Juárez government regarded as a breach of British neutrality. The Juárez Government regarded the British recognition of the Maximilian's rule in Mexico as a breach of her neutrality. It therefore maintained that this action nullified all the treaties entered between the British government and the Mexican nation. It appears that apart from Mexican pride, the Juárez government did not want to be bothered with British demands for the resumption of payments of the Mexican foreign debt at a time when Mexico needed to reorganise her finances. The prolonged civil wars followed by the European intervention, had destroyed both the Mexican economy and disorganised <sup>the</sup> state's revenue.

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<sup>8</sup> These included intervention against Chile and Peru in 1879, and Venezuela in 1886 and 1902.



Furthermore the Juárez government was not prepared to continue this relationship with Britain which was not of mutual advantage to both the two nations. Mexico was therefore not keen to resume diplomatic relations with Britain until fresh agreements had been entered into that would benefit the Mexican nation, and reduce the Mexican burden imposed by her debts to the British Bondholders. Mexico simply could not afford to continue to mortgage her revenue to the detriment of her economy in order to satisfy British claimants who continued to drain away her resources.

Since Mexico ceased to be a profitable area of investment for Britain as a result of continuous political instability, the British government was prepared to wait for the Mexicans to make the initiative of resuming diplomatic relations. Mexico was however not keen to take such a step, and diplomatic relations were therefore not resumed until 1884.

Mexico appears to have over-estimated the need for British protection, and alliance, for Britain as a leading manufacturing country was more concerned with the furthering of her own economic interests, than being a protector of the Mexican territorial integrity. When the United States annexed parts of the Mexican territories, all Britain did, or could do, was to protest to the United States government.

There is no doubt that British capital helped to revive the Mexican economy and her mining industry, and also helped Mexico consolidate her independence. However, the flooding of her market with British goods increased her dependence on Britain, destroyed her

local industries and made her to rely on primary products and her mineral wealth. Also the mortgaging of over seven-tenths of her revenue to her British debtors through diplomatic conventions, clearly indicates that the British who had been the major factor in the destruction of Spanish colonialism, erected upon its ruins the informal imperialism of free trade and investment.<sup>9</sup> In short the relation between Mexico, a nation emerging from the yoke of colonialism, and the leading manufacturing nation of the world, could not have been of mutual benefit to this infant state.

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9 Stanley J. Stein and Barbara H. Stein, Colonial Heritage of Latin America, Oxford University Press, New York, 1970, p. 134.



APPENDIX I

TREATY of Amity, Commerce and Navigation, between Great Britain and Mexico - Signed at London, December 26, 1826.

In the Name of the Most Holy Trinity.

EXTENSIVE Commercial Intercourse having been established for some time, between the Dominions of His Britannick Majesty and the United States of Mexico, it seems good for the security, as well as the encouragement of such commercial intercourse, and for the maintenance of good understanding between His said Britannick Majesty, and the said States, that the relations now subsisting between them should be regularly acknowledged and confirmed, by the signature of a Treaty of Amity, Commerce and Navigation.

For this purpose they have named their respective Plenipotentiaries, that is to say:

His Majesty the King of the United Kingdom of Great Britain and Ireland, the Right Honourable William Huskisson, a Member of His said Majesty's Most Honourable Privy Council, a Member of Parliament, President of the Committee of Privy Council for Affairs of Trade and Foreign Plantations, and Treasurer of His said Majesty's Navy; - and James Morier, Esq. :-

And His Excellency the President of the United States of Mexico, His Excellency Señor Sebastian Camacho, his First Minister of State, and for the Department of Foreign Affairs:

Who, after having communicated to each other their Full Powers, found to be in due and proper form, have agreed upon and concluded the following Articles:

Art. I. There shall be perpetual amity between the Dominions and Subjects of His Majesty the King of the United Kingdom of Great Britain and Ireland, and the United States of Mexico, and their Citizens.

II. There shall be, between all the Territories of His Britannick Majesty in Europe and the Territories of Mexico, a reciprocal freedom of Commerce. The Inhabitants of the two Countries, respectively, shall have liberty freely and securely to come, with their Ships and Cargoes, to all Places, Ports, and Rivers in the Territories aforesaid, saving only such particular Ports to which other Foreigners shall not be permitted to come, to enter into the same, and to remain and reside in any part of the said Territories respectively; also to hire and occupy houses and warehouses for the purposes of their commerce; and generally, the Merchants and Traders of each Nation, respectively, shall enjoy the most complete protection and security for their Commerce.

In like manner, the respective ships of war and post-office packets of the two Countries, shall have liberty freely and securely to come to all Harbours, Rivers and Places, saving only such particular Ports (if any) to which other Foreign ships of war and packets shall not be permitted to come, to enter into the same, to anchor, and to remain there and refit; subject always to the Laws and Statutes of the two countries, respectively.

By the right of entering the Places, Ports and Rivers, mentioned in this Article, the privilege of carrying on the coasting trade is not understood, in which National Vessels only are permitted to engage.



III. His Majesty the King of the United Kingdom of Great Britain and Ireland engages further, that the inhabitants of Mexico shall have the like liberty of Commerce and Navigation stipulated for in the preceeding Article, in all his Dominions situated out of Europe, to the full extent in which the same is permitted at present, or shall be permitted hereafter, to any other Nation.

IV. No higher or other duties shall be imposed on the importation into the Dominions of His Britannick Majesty, of any article of the growth, produce, or manufacture of Mexico, and no higher or other duties shall be imposed on the importation into the Territories of Mexico, of any articles of the growth, produce, or manufacture of His Britannick Majesty's Dominions, than are or shall be payable on the like articles, being the growth, produce, or manufacture of any other Foreign Country; nor shall any other or higher duties or charges be imposed in the Territories or Dominions of either of the Contracting Parties, on the exportation of any articles to the Territories of the other, than such as are or may be payable on the exportation of the like articles to any other Foreign Country; nor shall any prohibition be imposed upon the exportation of any articles the growth, produce, or manufacture of His Britannick Majesty's dominions, or of the said Territories of Mexico to or from the said Dominions of His Britannick Majesty, or to or from the said Territories of Mexico, which shall not equally extend to all other Nations.

V. No higher or other duties or charges on account of tonnage, light or harbour dues, pilotage, salvage in case of damage or shipwreck,

or any other local charges, shall be imposed, in any of the Ports of Mexico, on British Vessels, than those payable in the same Ports by Mexican Vessels; nor, in the Ports of His Britannick Majesty's Territories, on Mexican Vessels, than shall be payable in the same Ports on British Vessels.

VI. The same duties shall be paid on the importation into the Territories of Mexico, of any article the growth, produce or manufacture of His Britannick Majesty's Dominions, whether such importation shall be in Mexican or in British Vessels; and the same duties shall be paid on the importation into the Dominions of His Britannick Majesty, of any article the growth, produce, or manufacture of Mexico, whether such importation shall be in British or in Mexican Vessels. The same duties shall be paid, and the same bounties and drawbacks allowed, on the exportation to Mexico of any articles of the growth, produce, or manufacture of His Britannick Majesty's Dominions, whether such exportation shall be in Mexican or in British Vessels; and the same duties shall be paid, and the same bounties and drawbacks allowed, on the exportation of any articles the growth, produce or manufacture of Mexico to His Britannick Majesty's Dominions, whether such exportation shall be in British or in Mexican Vessels.

VII. In order to avoid any misunderstanding with respect to the regulations which may respectively constitute British or Mexican Vessel, it is hereby agreed that all Vessels built in the Dominions of His Britannick Majesty, or Vessels which shall have been captured from an enemy by His Britannick Majesty's Ships of War, or by Subjects of His said



Majesty furnished with letters of marque by the Lords Commissioners of the Admiralty, and regularly condemned in one of His said Majesty's Prize Courts as a lawful prize, or which shall have been condemned in any competent Court for the Breach of the Laws made for the prevention of the Slave Trade, and owned, navigated, and registered according to the Laws of Great Britain, shall be considered as British Vessels: and that all Vessels built in the Territories of Mexico, or captured from the enemy by the Ships of Mexico, and condemned under similar circumstances, and which shall be owned by any Citizen or Citizens thereof, and whereof the Master and three-fourths of the Mariners are Citizens of Mexico, excepting where the Laws provide for any extreme cases, shall be considered as Mexican Vessels.

And it is further agreed, that every Vessel, qualified to trade as above described, under the provisions of this Treaty, shall be furnished with a Register, Passport, or Sea Letter, under the signature of the proper person authorised to grant the same, according to the Laws of the respective Countries, (the form of which shall be communicated) certifying the name, occupation, and residence of the owner or owners, in the Dominions of His Britannick Majesty, or in the Territories of Mexico, as the case may be; and that he, or they, is, or are, the sole Owner or Owners in the proportion to be specified; together with the same, burthen, and description of the Vessel, as to build and measurement, and the several particulars constituting the national character of the Vessel, as the case may be.

VIII. All Merchants, Commanders of Ships, and others, the Subjects of His Britannick Majesty, shall have full liberty, in all the Territories of Mexico, to manage their own affairs themselves, or

to commit them to the management of whomsoever they please, as Broker, Factor, Agent, or Interpreter; nor shall they be obliged to employ any other Persons for those purposes than those employed by Mexicans, nor to pay them any other salary or remuneration than such as is paid, in like cases, by Mexicans Citizens; and absolute freedom shall be allowed, in all cases, to the buyer and seller, to bargain and fix the price of any goods, wares, or merchandize, imported into, or exported from Mexico, as they shall see good, observing the Laws and established customs of the Country. The same privileges shall be enjoyed in the Dominions of His Britannick Majesty, by the Citizens of Mexico, under the same conditions.

The Citizens and Subjects of the Contracting Parties, in the Territories of each other, shall receive and enjoy full and perfect protection for their persons and property, and shall have free and open access to the Courts of Justice in the said Countries, respectively, for the prosecution and defence of their just rights; and they shall be at liberty to employ, in all causes, the Advocates, Attornies, or Agents of whatever description, whom they may think proper; and they shall enjoy, in this respect, the same rights and privileges therein, as native Citizens.

IX. In whatever relates to the succession to personal estates, by will or otherwise, and the disposal of personal property of every sort and denomination, by sale, donation, exchange, or testament, or in any other manner whatsoever, as also the administration of justice, the Subjects and Citizens of the two Contracting Parties shall enjoy, in their respective Dominions and Territories, the same privileges, liberties,



and rights, as native Subjects; and shall not be charged, in any of these respects, with any higher imposts or duties, than those which are paid, or may be paid, by the native Subjects or Citizens of the Power in whose Dominions or Territories they may be resident.

X. In all that relates to the police of the Ports, the lading and unlading of Ships, the safety of merchandize, goods, and effects, the subjects of His Britannick Majesty, and the Citizens of Mexico, respectively, shall be subject to the local Laws and Regulations of the Dominions and Territories in which they may reside. They shall be exempted from all compulsory military service whether by Sea or Land. No forced loans shall be levied upon them; nor shall their property be subject to any other charges, requisitions, or taxes, than such as are paid by the native Subjects or Citizens of the Contracting Parties, in their respective Dominions.

XI. It shall be free for each of the two Contracting Parties to appoint Consuls for the protection of trade, to reside in the Dominions and Territories of the other Party; but, before any Consul shall act as such, he shall, in the usual form, be approved and admitted by the Government to which he is sent; and either of the Contracting Parties may expect from the residence of Consuls such particular places as either of them may judge fit to be excepted. The Mexican Diplomatic Agents and Consuls shall enjoy, in the Dominions of His Britannick Majesty, whatever privileges, exceptions, and immunities are or shall be granted to Agents of the same rank belonging to the most favoured Nation; and, in like manner, the Diplomatic Agents and Consuls of His Britannick Majesty in the Mexican Territories shall enjoy, according to the strictest

reciprocity, whatever privileges, exceptions and immunities are or may be granted to the Mexican Diplomatic Agents and Consuls in the Dominions of His Britannick Majesty.

XII. For the better security of Commerce between the Subjects of His Britannick Majesty and the Citizens of the Mexican States, it is agreed that if, at any time, any interruption of friendly intercourse, or any rupture should unfortunately take place between the two Contracting Parties, the Merchants residing upon the Coasts shall be allowed 6 months, and those of the Interior a whole Year, to wind up their accounts, and dispose of their property; and that a safe conduct shall be given them to embark at the Port which they shall themselves select. All those who are established in the respective Dominions and Territories of the two Contracting Parties, in the exercise of any trade or special employment, shall have the privilege of remaining and continuing such trade and employment therein, without any manner of interruption, in full enjoyment of their liberty and property, as long as they behave peaceably, and commit no offence against the Laws; and their goods and effects, of whatever description they may be, shall not be liable to seizure or sequestration, or to any other charges or demands than those which may be made upon the like effects or property, belonging to the native Subjects or Citizens of the respective Dominions or Territories in which such subjects or citizens may reside. In the same case, debts between individuals, publick funds, and the shares of companies, shall never be confiscated, sequestered, or detained.

XIII. The Subjects of His Britannick Majesty, residing in the Mexican Territories, shall enjoy, in their houses, persons, and



properties, the protection of the Government; and, continuing in possession of what they now enjoy, they shall not be disturbed, molested, or annoyed, in any manner, on account of their religion, provided they respect that of the Nation in which they reside, as well as the Constitution, Laws, and customs of the Country. They shall continue to enjoy, to the full, the privilege already granted to them of burying, in the places already assigned for that purpose, such Subjects of His Britannick Majesty as may die within the Mexican Territories; nor shall the funerals and sepulchres of the dead be distributed in any way, or upon any account. The Citizens of Mexico shall enjoy in all the Dominions of His Britannick Majesty, the same protection, and shall be allowed the free exercise of their religion, in public or private, either within their own houses, or in the chapels and places of worship set apart for that purpose.

XIV. The Subjects of His Britannick Majesty, shall, on no account or pretext whatsoever, be disturbed or molested in the peaceable possession and exercise of whatever rights, privileges and immunities they have at any time enjoyed within the limits described and laid down in a Convention, signed between His said Majesty and the King of Spain, on the 14th of July, 1786\*; whether such rights privileges, and immunities shall be derived from the stipulations of the said Convention, or from any other concession which may, at any time, have been made by the King of Spain, or his Predecessors, to British Subjects and Settlers residing and following their lawful occupations within the limits aforesaid: the two Contracting Parties reserving, however, for some more fitting opportunity, the further arrangements on this Article.

\*See Commercial Treaties, Vol. II, page 245. (in British and Foreign State Papers)

XV. The Government of Mexico engages to co-operate with His Britannick Majesty for the total abolition of the Slave Trade, and to prohibit all Persons inhabiting within the Territories of Mexico, in the most effectual manner, from taking any share in such trade.

XVI. The two Contracting Parties reserve to themselves the right of treating and agreeing hereafter, from time to time, upon such other Articles as may appear to them to contribute still further to the improvement of their mutual intercourse, and the advancement of the general interests of their respective Subjects and Citizens; and such Articles as may be so agreed upon, shall, when duly ratified, be regarded as forming a part of the present Treaty, and shall have the same force as those now contained in it.

XVII. The present Treaty shall be ratified, and the Ratifications shall be exchanged at London, within the space of 6 months, or sooner, if possible.

In witness whereof the respective Plenipotentiaries have signed the same, and have affixed thereto their respective Seals.

Done at London, the 26th day of December, in the Year of our Lord, 1826.

(L.S.) WM. HUSKISSON

(L.S.) JAMES J. MORIER.

#### ADDITIONAL ARTICLES

I. Whereas in the present state of Mexican shipping, it would not be possible for Mexico to receive the full advantage of the reciprocity



established by the Articles V, VI, VII. of the Treaty signed this day, if that part of the VIIth Article which stipulates that, in order to be considered as a Mexican Ship, a ship shall actually have been built in Mexico, should be strictly and literally observed, and immediately brought into operation, it is agreed that, for the space of 10 years, to be reckoned from the date of the exchange of the Ratifications of this Treaty, any Ships, wheresoever built, being bonâ fide the property of, and wholly owned by one or more Citizens of Mexico, and whereof the Master and three fourths of the Mariners, at least, are also natural born Citizens of Mexico, or Persons domiciliated in Mexico, by Act of the Government, as lawful Subjects of Mexico, to be certified according to the Laws of that Country, shall be considered as Mexican Ships; His Majesty the King of the United Kingdom of Great Britain and Ireland, reserving to himself the right, at the end of the said term of 10 years, to claim the principle of reciprocal restriction stipulated for in the Article VII. above referred to, if the interests of British Navigation shall be found to be prejudiced by the present exception to that reciprocity, in favour of Mexican Shipping.

II. It is further agreed that, for the like term of 10 years, the stipulations contained in Articles V and VI of the present Treaty shall be suspended; and, in lieu thereof it is hereby agreed that, until the expiration of the said term of 10 years, British ships entering into the Ports of Mexico, from the United Kingdom of Great Britain and Ireland, or any other of His Britannick Majesty's Dominions, and all articles the growth, produce, or manufacture of the United Kingdom, or of any of the said Dominions, imported in such Ships, shall pay no other or higher duties than are or may hereafter be payable, in

the said Ports, by the Ships, and the like goods, the growth, produce or manufacture of the most favoured Nation; and that no higher duties shall be paid, or bounties or drawbacks allowed, on the exportation of any article the growth, produce, or manufacture, of the Dominions of either Country, in the Ships of the other, than upon the exportation of the like Articles in the Ships of any other Foreign Country.

It being understood that, at the end of the said term of 10 years, the stipulations of the said Vth and VIth Articles shall from thenceforward, be in full force between the two Countries.

The present Additional Articles shall have the same force and validity as if they were inserted word for word, in the Treaty signed this day. They shall be ratified, and the Ratifications shall be exchanged at the same time.

In witness whereof, the respective Plenipotentiaries have signed the same, and have affixed thereto their respective Seals,

Done at London, the 26th day of December, in the Year of our Lord 1826.

(L.S.) WM. HUSKISSON

(L.S.) JAMES J. MORIER.

(The Ratifications of the above Treaty were exchange in London, the 19th of July, 1827).

Source: British and Foreign State Papers, Vol. 14, 1826-1827, p. 614-629.



APPENDIX II

TREATY between Great Britain and Mexico, for the abolition of the Traffic in Slaves. - Signed at Mexico, February 24, 1841.

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(Ratifications exchanged at London, July 29, 1842)

In The Name of the Most Holy Trinity.

Her Majesty the Queen of the United Kingdom of Great Britain and Ireland, and his Excellency the President of the Mexican Republic, being animated by a sincere desire to co-operate for the total extinction of the barbarous traffic in slaves, have resolved to conclude a Treaty for the special purpose of immediately attaining this object, and have named, respectively, as their Plenipotentiaries, to wit:

Her Majesty the Queen of the United Kingdom of Great Britain and Ireland, Richard Pakenham Esquire, Her Minister Plenipotentiary to the Mexican Government; and his Excellency the President of the Mexican Republic, his Excellency Don Luis Gonzaga Cuevas, Envoy Extraordinary and Minister Plenipotentiary from that Republic at the Court of London:

Who, after having communicated to each other their respective Full Powers, and found them to be in good and proper form, have agreed upon and concluded the following Articles:

Art.I. The Slave Trade is declared by this Treaty to be totally and perpetually abolished in all parts of the world, on the part of the

Mexican Republic, as are already slavery in the Mexican territory, and the aforesaid traffic in slaves on the part of Great Britain.

II. The Government of Mexico engages to take, immediately after the exchange of the ratifications of the present Treaty, and subsequently, from time to time when it may be necessary, the most effectual measures to prevent the citizens of the Mexican Republic from being concerned in the Slave Trade, and the flag of the said Republic from being employed in any way in carrying on that traffic; and binds itself specially to procure from the National Congress as soon as possible, a penal law by which the severest punishment shall be imposed on all citizens of the Republic who shall, under whatsoever pretext, take any part in the aforesaid traffic in slaves.

III. The Mexican Government engaged to propose in the National Congress in law, which shall declare to be pirates all such citizens of the Republic as may be engaged in the Slave Trade, as well as all such individuals as may carry it on under the national flag. And Her Majesty the Queen of the United Kingdom of Great Britain and Ireland, and his Excellency the President of the Republic, mutually bind themselves to promulgate or propose in their respective Legislatures, the most suitable measures for immediately carrying into execution the laws of piracy, which are to be applicable to the said traffic, in conformity with the legislative enactments of each of the 2 countries, with respect to the vessels and subjects or citizens of the 2 nations.

IV. In order to prevent completely all infringement of the spirit of the present Treaty, the 2 High Contracting Parties mutually consent



that the ships of their respective navies, which shall be provided, as hereinafter mentioned with special instructions for the purpose, may search such merchant-vessels of the 2 nations as may be suspected, on reasonable grounds, of being engaged in the traffic in slaves, or of having been fitted out for the purpose thereof, or of having, during the voyage in which they may be met with by the said cruisers, been engaged in the traffic in slaves, in contravention of the stipulations of the present Treaty; and the 2 Contracting Parties also agree that the said cruisers may detain such vessels, and send or convey them to be tried in the manner hereinafter provided.

With a view to avoid even the possibility of annoyance to the coasting-trade of Mexico from the exercise of the mutual right of search stipulated in the present Article, the High Contracting Parties agree that the said right shall not be enforced within a line drawn from the mouth of the Rio Bravo del Norte, in  $25^{\circ} 55'$  of north latitude, and  $97^{\circ} 25'$  of longitude west from Greenwich, to the port of Sisal, in the Peninsula of Yucatan, in  $21^{\circ} 6'$  of north latitude, and  $90^{\circ} 4'$  of longitude west from Greenwich; it being always understood that if a vessel, suspected of being engaged in the Slave Trade, shall be discovered without the said line by a British or Mexican cruiser, and shall succeed in passing within that line, it shall not on that account be considered as protected by the present restriction; which is solely adopted for the greater security of the coasting trade of Mexico.

Nor shall the reciprocal right of search be exercised in the Mediterranean Sea, nor in the seas of Europe lying without the straits

of Gibraltar, and to the north of the 37th parallel of north latitude, and to the eastward of the meridian of 20<sup>o</sup> west of Greenwich.

V. In order to regulate the mode of carrying into execution the provisions of the preceding Article, it is agreed:

1st. That their respective Governments shall provide the ships of the navies of the 2 nations to be employed in future in the prevention of the Slave Trade with copies, in the English and Spanish languages, of the present Treaty; of the Instructions for cruizers annexed thereto, sub litera A; and of the Regulations for the Tribunals which shall have to try the vessels detained by virtue of the stipulations contained in this Treaty, which are also annexed, sub litera B; which Annexes, respectively, shall be considered as integral parts of the said Treaty.

2ndly. That each of the High Contracting Parties shall from time to time communicate to the other the names of the several ships destined for this service, and furnished with such Instructions, the force of each, and the names of their commanders.

3dly. That when the commander of a cruizer of either of the 12 nations shall suspect that any one or more vessel or vessels navigating under the escort or convoy of a ship of war of the other nation, carries slaves on board, or has been engaged in this prohibited traffic, or is fitted out for it, he shall communicate his suspicions to the commanding officer of the convoy, who, accompanied by the commanding officer of the cruizer, shall proceed to the search of the



suspected vessel; and in case that the suspicions appear well founded, according to the tenor of this Treaty, then the said vessel shall be conducted or sent to the place where it is to be brought to trial, in order that the just sentence may there be pronounced.

4thly: It is further agreed that the commanders of the ships of the 2 navies, who shall be employed on this service, shall adhere in each case, to the exact tenor of the said Instructions.

VI. As the 2 preceeding Articles are entirely reciprocal, the High Contracting Parties engage to make good any losses incurred by their respective subjects or citizens by the arbitrary and illegal detention of their vessels; it being understood that this compensation shall be paid invariably by the Government whose cruiser shall have been guilty of such arbitrary and illegal detention; and they also engage that the visit and detention of vessels specified in the IVth Article of this Treaty shall only be effected by such English or Mexican ships as may form part of the royal and national navies of the High Contracting Parties, and which are provided with the documents mentioned in the proceeding Article.

VII. It is agreed by the present Article that the vessels detained, in conformity with the IVth Article of this Treaty, By British or Mexican cruisers, shall be conducted or sent, together with their commanders, crews, and cargoes, to the nearest point in the country to which the captured vessel belongs, where there may be a competent Tribunal to try it; that is to say, British vessels are to be conducted or sent to the nearest possession of Her Britannic Majesty where such

Tribunal exists; and Mexican vessels to the port of Vera Cruz; except in cases in which Slaves shall be on board at the time of capture. In such cases, the vessel shall be sent or conducted to the nearest possession of either of the 2 Powers, or to such place belonging to either as may be soonest reached, according to the judgment of the commander of the capturing ship, under his own responsibility, in order that the slaves may be landed; the vessel, with the remainder of the cargo, her commander, and crew, shall be afterwards sent or conducted to the place where she is to be tried, in conformity with the before-mentioned provisions of this Article.

The Governments of the High Contracting Parties shall have the power to name by themselves or through the medium of their Legations or Consulates, an advocate, who may be a subject or citizen of either of the 2 nations, to undertake the prosecution or defence, as the case may be, of the vessels brought to trial, and solemnly pledge themselves to afford to such advocates all necessary liberty and protection, and such as is allowed by law to the advocates of the country.

For the more speedy conclusion of these trials, the High Contracting Parties engage to procure the enactment of laws which shall abridge as much as possible the forms of indictment and sentence.

VIII. When the commanding officer of any of the ships of the navies of Her Britannic Majesty, or of the Republic of Mexico, commissioned respectively in due form, according to the provisions of the IVth Article of this Treaty, shall deviate in any respect from



the stipulation of the said Treaty, or from the Instructions annexed thereto, the Government which shall conceive itself wronged, shall be entitled to demand reparation; and in such case the Government, in whose service the said commanding officer may be, binds itself to cause an inquiry to be made into the subject of complaint, and to inflict on such officer a punishment proportioned to the offence.

IX. It is further agreed that every merchant-vessel, British or Mexican, which shall be visited by virtue of the present Treaty, may be detained, and sent or brought before the proper Tribunals, if there shall be found in her equipment any of the following things:

1st. Hatches with open gratings, instead of the close hatches which are used in merchant-vessels.

2ndly. Divisions or bulkheads in the hold or on deck, in greater number than are necessary for a vessel engaged in a lawful trade.

3rdly. Spare plank prepared to be fitted up as a second or slave deck.

4thly. Shackles, bolts or hand-cuffs.

5thly. A quantity of water in casks or tanks, much greater than is requisite for the consumption of the crew of the vessel, as a merchant-vessel.

6thly. An extraordinary number of water casks, or of other vessels for holding liquid, unless the master shall produce a certificate from the Custom House of the port from which he cleared outwards, stating that the owners of such vessel had given sufficient security that such extra quantity of casks or of other vessels should only be employed to receive palm-oil, or for other purposes of lawful commerce.

7thly. A greater quantity of mess tubs than are requisite for the use of the crew of the vessel, as a merchant-vessel.

8thly. A boiler of an unusual size, and larger than is requisite for the use of the crew of the vessel as a merchant-vessel; or more than 1 boiler of the ordinary size.

9thly. An extraordinary quantity of rice, of flour of Brazil, of manioc or cassava, commonly call harina of maize, exceeding what might probably be consumed by the crew; such rice, flour, or maize not appearing to be entered on the manifest as part of the cargo for trade.

Any one or more of these several circumstances, if proved, shall be considered as indications, prima facie, of the actual employment of the vessel in the Slave Trade; and will serve, therefore, to condemn and declare her a lawful prize, unless it be established by satisfactory evidence on the part of the master or owners, that the vessel, at the time of her detention, was employed, in some legal pursuit.



X. If any of the things specified in the preceding Article be found in any merchant-vessel, no compensation for losses, damages, or expenses, resulting from the detention of such vessel, shall be allowed, either to her master or to her owner, or other person interested in her equipment or lading, even though the Tribunal declare her acquitted.

XI. It is hereby agreed between the 2 High Contracting Parties, that in all cases in which a vessel shall be detained according to the stipulations of this Treaty, by their respective cruisers, as having been engaged in the Slave Trade, or as having been fitted out for the purpose thereof and shall consequently be tried and condemned by the proper Tribunal, the said vessel shall, immediately after her condemnation, be broken up, and the separate parts sold.

XII. Each of the High Contracting Parties solemnly binds itself to guarantee the liberty of the Negroes who may be emancipated and conducted to either of the 2 nations, by virtue of the stipulations of this Treaty, from the moment of their landing in their respective territories; and to afford, from time to time, when demanded by the other party, or by the respective Tribunals, the fullest information as to the state and condition of such Negroes, with a view of ensuring the due execution of the Treaty in this respect.

For this purpose, the regulations annexed to this Treaty, sub litera C, as to the treatment of such liberated Negroes, have been drawn up and declared an integral part of the said Treaty.

The High Contracting Parties reserve to themselves the right of altering and suspending by common consent, but not otherwise, the terms of the said regulations.

XIII. The Annexes to this Treaty, which it is mutually agreed shall form an integral part thereof, are as follows:

A. Instructions for the ships of the British and Mexican navies destined to prevent the traffic in slaves.

B. Regulations for the tribunals which are to take cognizance of the trials of the vessels detained by virtue of the stipulations of this Treaty.

C. Regulations for the treatment of the liberated Negroes.

XIV. As the principal object of this Treaty, Additional Articles, and 3 Annexes, which form part of it, is no other than that of preventing the traffic in slaves, without any annoyance to the respective merchant shipping of the 2 nations, the High Contracting Parties, animated by the same sentiments, agree that if in future it should appear necessary to adopt new measures for attaining the said beneficent object, or for obviating any inconvenience to the aforesaid shipping, which experience shall have made known, in consequence of those established in this Treaty, Additional Articles, and Annexes proving inefficacious, the said High Contracting Parties will consult together for the complete attainment of the object proposed.

XV. The present Treaty, consisting of 15 Articles, shall be ratified, and the ratifications thereof exchanged in London within a year from this date.



In witness whereof the respective Plenipotentiaries have signed in duplicate, in the English and Spanish languages, the present Treaty, and have affixed their respective seals.

Done in the city of Mexico, this 24th day of February, in the year of our Lord, 1841.

(L.S.) RICHARD PAKENHAM.

(L.S.) LUIS GONZAGA

CUEVAS

#### ADDITIONAL ARTICLES

ART. I. Her Britannic Majesty agrees that for the first 8 years of the duration of the present Treaty, the Government of the Republic shall not be obliged to appoint cruizers to prevent the traffic in slaves; but the said Government of Mexico reserves to itself the right to appointing such cruizers, as soon as the circumstances of its navy may permit such appointment, giving notice thereof to the Government of Her Britannic Majesty.

II. To avoid even the possibility of prejudice resulting from the IXth Article of the Treaty of this date, to the merchant-vessels which the Mexican Government may have occasion to employ in certain cases for the conveyance of troops by sea, or of convicts from one point of the Republic to another, it is agreed to except from the operation of the IXth Article, the merchant-vessels employed by the Mexican Government in such service. Such vessels shall not be liable

to be detained, even if one or more of the things mentioned in the aforesaid Article should be found on board; provided they do not convey Negroes destined for the Slave Trade; and that the captain of the vessel, on board which the prohibited articles or effects are found, produce a document signed by any competent authority of the Republic, stating the service on which such vessel is employed; but such document must not be of a date so remote that it may be believed, on reasonable grounds, to have been issued for another voyage, anterior to that on which such vessel has been met with.

The 2 preceding Additional Articles shall have the same force and effect as if they had been inserted, word for word, in the Treaty of this date. They shall be ratified, and the ratifications exchanged at the same time as those of the Treaty of which they form part.

In witness whereof the respective Plenipotentiaries have signed them, and affixed their seals.

Done in the city of Mexico, this 24th day of February, of the year of our Lord, 1841.

(L.S.) RICHARD PAKENHAM.

(L.S.) LUIS GONZAGA

CUEVAS

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ANNEX A. - Instructions for the Ships of the British and Mexican Navies employed to prevent the Traffic in Slaves.

ART I. The commander of any ship belonging to the navy of Her Britannic Majesty, or of the Republic of Mexico, duly furnished with these Instructions, shall have the right to visit, search, and detain any British or Mexican merchant-vessel which shall be engaged, or suspected on good grounds of being engaged, in the Slave Trade, or of being fitted out for that purpose, or of having been engaged in the said traffic during the voyage in which such vessel may be met with by such ship of the British or Mexican navy. If such commander should find his suspicions borne out, he may send or bring such vessels, as soon as possible to be tried by the competent tribunals, according to the tenour of the VIIth Article of the Treaty of this date.

II. Whenever a ship of either of the 2 said navies, duly authorized as aforesaid, shall meet a merchant-vessel liable to be visited under the provisions of the Treaty, the search shall be conducted in the most considerate manner, and with every attention which ought to be observed between 2 allied and friendly nations; and the search shall, in every case, be made by an officer holding a rank not lower than that of lieutenant in the navy to which he belongs, or by the officer who at the time shall be second in command of the ship by which the search is made.

III. The commander of any ship of the 2 navies, duly authorized, who may detain any merchant-vessel in pursuance of the

present Instructions, shall leave on board the detained vessel her master, mate, or boatswain, and 2 or 3, at least, of her crew, or her cargo, and all the slaves, until they arrive at the place where they are to be disembarked, as stipulated in the VIIth Article of the Treaty.

The captor shall, at the time of detention, draw up in writing an authentic declaration, to be signed by himself, which shall set forth the state in which he found the detained vessel; and this document shall be given in or sent, together with the captured vessel, to the tribunal before which such vessel shall be carried or sent for adjudication.

The said captor shall deliver to the master of the detained vessel a signed certificate, stating the papers seized on board the same, as well as the number of slaves found on board at the time of detention.

In the authentic declaration hereby required to be made by the captor, and in the certificate of the papers seized, he shall insert his name and rank, the name of the capturing ship, the latitude and longitude of the spot where the detention shall have taken place, and the number of slaves found on board the vessel at the time of such detention.

The declaration to be produced by the capturing commander shall also set forth the place where the slaves have been landed, in pursuance of the stipulation in the VIIth Article of the Treaty, as



well as the necessity and reasons for having conveyed them to such place.

The officer in charge of the detained vessel shall, at the time of giving in the aforesaid papers to the proper tribunal, produce a statement, sworn to and signed by himself, of the changes which may have taken place with respect to the vessel, her crew, the slaves, if any, and her cargo, from the time of her detention to the day of the delivery of such document.

The Undersigned Plenipotentiaries have agreed, in conformity with the XIIIth Article of the Treaty signed this day, that the preceding Instructions, consisting of 3 Articles, shall be annexed to the said Treaty, and be considered an integral part thereof.

Done in the city of Mexico this 24th day of February, 1841.

(L.S.) RICHARD PAKENHAM

(L.S.) LUIS GONZAGA

CUEVAS

Annex B. - Regulations for the Courts which are to take cognizance of the Causes of the Vessels detained by virtue of the Stipulations of the Treaty of this date.

ART. I. The Courts which, according to the laws of the 2 Contracting Nations, are to take cognizance of the causes of the vessels detained by virtue of the stipulations of the Treaty to which these Regulations are annexed, shall proceed in the most summary

manner permitted by the laws of their respective countries, and with entire subjection to the stipulations of the said Treaty, observing in every case the strictest impartiality.

Each of the 2 High Contracting Parties engages to defray out of their respective Treasuries the salaries of the Judges and officers appointed to take cognizance of these causes.

II. The expenses incurred by the officer charged with the reception, maintenance, and care of the detained vessel, slaves, and cargo; and the expenses of carrying the sentence into execution; and all disbursements occasioned in bringing the vessel before the competent Court, shall, in case of condemnation, be defrayed from the funds arising from the sale of the materials of the vessel, after the same shall have been broken up, of the ship's stores, and other articles of merchandize found on board; and in case the proceeds arising from such sales should not prove sufficient to defray such expenses, the deficiency shall be made good by the Government of the country within whose territory the vessel shall have been tried.

If the detained vessel should be acquitted, the expenses occasioned by bringing her to adjudication shall be defrayed by the captor, except in the cases specified and provided for in the Xth Article of the Treaty of this date, and in the VIth Article of these Regulations.

III. The final sentence of the Courts which have to take cognizance of these causes, shall not in any case be delayed for more



than 2 months, whether on account of the absence of witnesses, or for any other cause, except upon the application of any of the parties interested; but in that case, upon such party or parties giving satisfactory security that they will take upon themselves the expense and risks of the delay, the Courts may, at their discretion, grant an additional delay, not exceeding 4 months. Either party may employ such person or persons as he may think fit, to assist him in the trials in question.

All the acts and essential parts of the proceedings of the respective Courts shall be drawn up on writing, in the language of the country to which the Court belongs.

IV. If the detained vessel shall be restored by the sentence of the Court, the vessel and the cargo, in the state in which they shall then be found, shall forthwith be given up to the master, or to the person who represents him; and such master or other person may, before the same Court, claim a valuation of the damages which he may have a right to demand.

The captor himself, and, in his default, his Government, shall remain responsible for the damages to which the master of such vessel, or the owners, either of the vessel or of her cargo, may be pronounced to be entitled.

The 2 High Contracting Parties bind themselves to pay, within the terms of a year from the date of the sentence, the costs and damages which may be awarded by the above-named Court; it being mutually

understood and agreed, that such costs and damages shall be made good by the Government of the country of which the captor shall be a subject.

V. If the detained vessel shall be condemned, she shall be declared lawful prize, together with her cargo, of whatever description it may be; and the said vessel shall, as well as her cargo, be sold by public auction for the benefit of the 2 Governments, subject to the payment of the expenses hereinafter mentioned.

VI The courts shall also take cognizance of, and shall decide definitively and without appeal, all claims for compensation on account of losses occasioned to vessels and cargoes which shall have been detained under the provisions of this Treaty, but which shall not have been condemned as legal prize by the said Courts; and in all cases wherein restitution of such vessels and cargoes shall be decreed, (save as mentioned in Article X of the Treaty to which these regulations form an Annex, and in a subsequent part of these regulations,) the Court shall award to the claimant or claimants, or to his or their lawful attorney or attornies, for his or their use, a just and complete indemnification for all costs of suit, and for all losses and damages which the owner or owners may have actually sustained by such capture and detention; and it is agreed that the indemnification shall be as follows:

1st. In case of total loss, the claimant or claimants shall be indemnified;



- A. for the ship, her tackle, equipment, and stores.
- B. For all freights due and payable
- C. For the value of the cargo of merchandize, if any, deducting all charges and expenses payable upon the sale of such cargo, including commission of sale.
- D. For all other regular charges in such cases of total loss.

2ndly. In all other cases (save as hereinafter mentioned) not of total loss, the claimant or claimants shall be indemnified:

- A. For all special damages and expenses occasioned to the ship by the detention, and for loss of freight when due or payable.
- B. For demurrage, when due, according to the schedule annexed to the present Article.
- C. For any deterioration of the cargo.
- D. For all premium of insurance on additional risks.

The claimant or claimants shall be entitled to interest at the rate of 5(five) per cent, per annum, on the sum awarded, until such sum is paid by the Government to which the capturing ship belongs; the whole amount of such indemnifications shall be calculated in the money of the country to which the detained vessel belongs, and shall be liquidated at the exchange current at the time of the award.

The 2 High Contracting Parties, however, have agreed, that if it shall be proved to the satisfaction of the Courts, that the captor has been led into error by the fault of the master or commander of the detained vessel, the detained vessel in that case shall not have the right of receiving for the time of her detention, the demurrage stipulated by the present Article, nor any other compensation for losses, damages, or expenses, consequent upon such detention.

Schedule of demurrage or daily allowance for a vessel of

Tons				
100 to 120 inclusive			£ 5	per diem
121	150	"	6	"
151	170	"	8	"
171	200	"	10	"
201	220	"	11	"
221	250	"	12	"
251	270	"	14	"
271	300	"	15	"

and so in proportion.

VII. Neither the magistrates who constitute the Courts, nor the secretaries, nor the subordinate offices, shall demand or receive from any of the parties concerned in the cases which shall be brought before such Courts, any emolument or gift, under any pretext whatsoever, for the performance of their duties.



The Undersigned Plenipotentiaries have agreed, in conformity with the XIIth Article of the Treaty of this date, that the preceding Regulations, consisting of 7 Articles, shall be annexed to the said Treaty, and considered as an integral part thereof.

Done in the city of Mexico, this 24th day of February, 1841.

(L.S.) RICHARD PAKENHAM.

(L.S.) LUIS GONZAGA

CUEVAS

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ANNEX C - Regulations for the Treatment of Liberated Negroes.

ART. I. The object of these Regulations ~~is to secure~~ to Negroes liberated by the stipulations of the Treaty to which they form an Annex (sub literâ C), permanent good treatment, and full and complete emancipation, in conformity with the humane intentions of the High Contracting Parties.

II. As soon as the slaves are disembarked, in conformity with the provisions of the VIIth Article of the Treaty to which these Regulations are annexed, they shall receive from the chief political authority a certificate of emancipation, and shall immediately be placed at the disposition of the Government of the nation to which the point or place of disembarkation belongs, in order that they may be treated in accordance with the present Regulation.

III. The Government of the Republic of Mexico engages, when

the case occurs, to secure to the Negroes the enjoyment of their acquired instruction in the tenets of religion and morality, and such as may be necessary in order that they may be able to maintain themselves as artizans, mechanics, or domestic servants.

IV Her Britannic Majesty, in like manner, engages to treat such Negroes, when disembarked in any point of her dominions, in exact conformity with the laws in force in the colonies of Great Britain for the regulation of the emancipated Negroes.

V. The 2 Governments engage to take the requisite measures with a view to obtain periodically information of the existence of the Negroes who may have been emancipated by virtue of the Treaty of this date, of the improvement in their condition, and of the progress made in their instruction, both religious and moral, as also in the arts of life; or proof of their death. These data will serve to furnish, as the case occurs, the information spoken of in the XIIth Article of the said Treaty.

The Undersigned Plenipotentiaries have agreed, in conformity with the XIIIth Article of the Treaty of this date, that these Regulations, consisting of 5 Articles shall be annexed to the said Treaty, and be considered as an integral part thereof.

Done in the city of Mexico this 24th day of B February, in the year of our Lord, 1841.

(L.S.) RICHARD PAKENHAM.

(L.S.) LUIS GONZAGA

CUEVAS.



FURTHER ADDITIONAL ARTICLE.

Whereas there was concluded between Her Majesty the Queen of the United Kingdom of Great Britain and Ireland, and the Republic of Mexico, on the 24th of February, 1841, a Treaty for the suppression of the Slave Trade under the flag of Mexico:

And whereas unforeseen circumstances have prevented the exchange of the ratifications of the said Treaty within the time stipulated by the XVth Article of the same Treaty, Her Majesty the Queen of the United Kingdom of Great Britain and Ireland, and the Excellency the President of the Mexican Republic, have found it expedient to enter into an agreement for extending the period assigned for the exchange of the ratifications of the aforesaid Treaty:

They have therefore named as their Plenipotentiaries ad hoc:

Her Majesty, the Queen of the United Kingdom of Great Britain and Ireland, Richard Pakenham, Esquire, Her Majesty's Minister Plenipotentiary to the Republic of Mexico;

And his Excellency the President of the Mexican Republic, His Excellency Don Jose Maria Tornel, General of Division, and Minister of State for the Departments of War and Marine:

Who, having examined their Full Powers, and found them in good and due form, have agreed upon the following Additional Article to the Treaty of the 24th of February, 1841.

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## ADDITIONAL ARTICLE

The ratifications of the Treaty for the suppression of the Slave Trade under the flag of Mexico, concluded at Mexico on the 24th of February, 1841, shall be exchanged in London within 6 months from the date of this agreement.

The present Additional Article shall have the same force and effect as if it had been inserted, word for word, in the aforesaid Treaty of the 24th of February, 1841, and the ratifications of it shall be exchanged in London at the same time as the ratifications of the Treaty of which it forms a part.

In witness whereof, the respective Plenipotentiaries have signed the present agreement, and have affixed their respective seals.

Done in the city of Mexico, the 13th day of April, in the year of our Lord, 1842.

(L.S.) RICHARD PAKENHAM.

(L.S.) JOSE MARIA TORNEL.

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Source: British and Foreign State Papers, Vol. XXIX, 1840-1841, p. 55-80.



APPENDIX IIIBRITISH CLAIMS, APRIL 1862 (INTERNAL DEBT)1. Claims recognized by the Mexican government

<u>Name</u>	<u>Nature of claim</u>	<u>Amount (\$)</u>
Innes, Fenochio, & Co.	Balance of loans to Government of Oaxaca	12,003 00
Barron, Forbes & Co.	Robbery of Guadalajara <u>Conducta</u> by Marquez	98,330 60*
Graham, Geaves & Co.	Ditto	2,100 10
Alexander Grant	Ditto	1,152 43
Nathaniel Davidson	Ditto	585 81
Bates, Barton & Co.	Matamoros fire, and government orders' claims	77,511 62
Charles Whitehead	Tampico "goods claim"	14,743 20
Henry Dalton	Balance of "Army Supplies" claim	87,516 00
George Ainslie	Contracts for plumber's work - 55,172.60 Credit against <u>Cominos y "Peages" 32,330.44</u>	87,503 04
United Mexican Mining Co.	San Acasio claim to October 31, 1861	61,497 00
Charles Whitehead	As agent for claimants for "Consumo duty" illegally extracted in November 1839	437,085 43
James Evans	Balance of Building contract with the Mexican government	5,346 00
Thomas Worrall	Indemnity for expulsion	15,000 00
		<hr/>
		899,384 23
Leguna Saca	Due to claimants on 31.3.1862	232,880 34
Capuchinas Robbery	Due to claimants on 31.3.1862	<u>660,000 00</u>
TOTAL		1,792,264 57

\*Including \$8,966 belonging to Mr. Percy William Doyle, the British Minister Plenipotentiary (1852-6)

Compiled by F. Glennie, British Consul, Orizata, April 17, 1862.

2. Claims supported by the British Government

<u>Name</u>	<u>Nature of claim</u>	<u>Amount (£)</u>
J.J. Schmidt & Co.	<u>Avalos</u> Tariff	56,872 42
J.S. Bengough	Ditto (See also Class 4)	11,550 00
Innes, Fenchio & Co.	Their Silver-bars claim	30,948 47
Charles Whitehead	Vera Cruz custom house fire claim	102,999 50
Ditto	Forced loan, in 1836	555 99
Young, Harrison & Beven	Mahogany Cutting, Breach of Contract	115,000 00
Robert Nixon	Arrears; Service in Mexican Army	400 00
Charles Whitehead	Indemnity for expulsion	12,000 00
John Potts	Ditto	20,000 00
Total		<u>£ 350,326 38</u>

Compiled by F. Glennie, British Consul, Orizaba, April 17, 1862.



3. Claims not yet recognised 'but apparently based on just grounds'.

<u>Name</u>	<u>Nature of Claim</u>	<u>Amount (%)</u>
Pascual Feuochio	Forced loans; contributions, seizure of property	5,605 00
John T. Innes	Forced loans, soldiers quartered upon him; sack of his house; burning of stores; ill-usage; forced flight to the mountains; price put on his head.	23,532 35
Claude A. Innes	Contributions to both political parties; forced flight; losses consequent upon 2 months absence from his business	2,634 00
John Johnstone	Property plundered by soldiers	16,792 00
Graham Geaves & Co.	Extra duties \$10,623.74 Illegal duties on cochineal 2,009.00 Contributions <u>5,029.22</u>	17,661 96
William Duncan	Contributions	816 87
Bates, Barton & Co.	Extra duties and contributions	8,199 75
Watermeyer, Kauffmann & Co.	Extra duties, contributions and illegal duties on cochineal	10,265 87
Adam Turnbull	Contributions	641 82
J.J. Schmidt & Co.	Extra duties; contributions; and duties illegally and violently exacted on the road by General Carvajal	9,530 25
Thomas Gillo	Contributions; embargoes of waggons &co.	16,469 96
John Burnand	Occupation of his factory; robbery and destruction of property	3,241 50
Charles Whitehead	(for Campbell Ryan) export of money not shipped	32,089 50
David Murn	Mules, horses, forage, seized by troops	2,480 00
Daniel Owen	Plundered by troops at Orizaba	5,684 90

## 3 (continued)

<u>Name</u>	<u>Nature of Claim</u>	<u>Amount (\$)</u>
John Summer	Plundered by troops near Mexico City	368 00
J.B. Perry & Co.	Plunder of goods by troops and extra duties	854 76
James Dawson	(Representing Hangenbeck) extra duties	15,509 89
Real del Monte employees	Contributions	5,025 00
Alexander Stevenson	Forced interruption of his carrying business; robbery of goods, forage etc. by troops.	7,213 32
John Miller	Plunder of goods, cattle etc. by troops	2,005 45
Etling & Co.	Forced loan, embargo; seizure of goods and money	35,307 06
Elliott Turnbull	Plunder of cattle and arms	2,723 25
Grant and Mitchell	Contributions	435 25
Peter Hale	Supplies to government (see also Class 4)	149,326 55
Lancaster Jones	Breach of contract; salary emoluments	41,834 00
James Randall	Plunder by troops (see also Class 4)	750 00
Grandison & Elliott	Damage and plunder by troops	4,981 00
Consular Agent Chabot's	Claims 5 British subjects and firms. Tax on capital, seizure of property; forced loans, double duties	20,534 04
Vice Consul Alexander's list	Bole Mining Co., 7 British subjects, and "sundry Cornish workmen", forced loans and contributions; double duties; extra duties on silver (see also Class 4, W.Newwall)	63,431 44
Consul Agent Glass List	Six British subjects and United Mexican Mining Co. Tax on grinding mills; capital tax; extra duty on silver; property plundered during sack of Guanaguato by troops of General Pueblita, losses at farm "Quemada"	32,098 02



## 3 (continued)

<u>Name</u>	<u>Nature of Claim</u>	<u>Amount (\$)</u>
Thomas Fuller	Embargo of mule trappings by General Pueblita; loss of carrying contract in consequence	8,000 00
William Hooper	Property plundered by troops	3,000 00
Thomas Putche	Imprisonment, fine, and sentence of banishment, without trial, for giving succour to distressed whalers in Lower California	8,000 00
John A. Fitzmaurice	Embargoes, loss and damage through illegal acts of the authorities - Amapa	1,937 20
Charles Collins	Contributions and imprisonment	500 00
Edward Hay	Contributions	175 75
N. Davidson	Contributions	7, 477 85
Barroh, Forbes & Co.	Embargo; rent of houses: 7 months at \$1,665 $\frac{3}{4}$ 11,660.25 value of 2 houses taken possession of by government, and rent of same during 11 months 45,365.00	57,025 25
	Total	631,828 31

4. Claims of doubtful nature

<u>Name</u>	<u>Nature of Claim</u>	<u>Amount</u>
Waltermeyer, Kauffman & Co.	Non-admission of bonds of interior debt in payment of duties	317 50
Alexander Grant	For Monteith, Dunlop & Co., and Francis F. Wilson "Consume Duty claim" probably included in C. Whitehead claims	21,984 30
Francis Breakenridge	False Imprisonment: Doubtful as to amount claimed for indemnity	10,000 00
Joseph O. Firms	Forced loans, imprisonment etc. 19,104.07 Salt Works in Tamaulipas, breach of contract <u>160,000.00</u>	179,104 07
George Ainslie	Church property claims	3,684 50
Peter Hale	Claim for indemnity in connection with his "supplies claims" (see Class 3)	100 00
James Randall	Claims for indemnity in connection with his claim for loss by plunder (see Class 3)	10,000 00
William Newall	Claim for Indemnity deducted from amount of Mr. Vice Consul Alexander's list	100,000 00
J.S. Bengough	Difference between sum demanded by Mr. Lettsom and sum stated in Mr. Bacon's letter to Sir Wyke of 30th November 1861 (see Class 3)	33,130 32
W.H. Chynoweth	Denegation of Justice and loss of time	51,336 00
William Moran	Copper bonds	20,812 00
Total		<u>530,368 69</u>



5. Claims for which no amount has been stated

John Johnson	House at Tehuantepec sacked by troops
John Burnand	Compensation for wounds and loss of arm
Laquidain Kerferd	Seizure of goods 500 bales Istle
Anglo-Mexican Mint Co.	Claim for illegal exportation of uncoined bullion under Degree of Vidaurri
George Selby	Indemnity for ill-usage; imprisonment (was taken out to be shot)
Mrs. Bodmer	Assasination of her husband, Mr. Vice Consul by Vicario's troops.
Robert Glenney	Captivity and illtreatment by troops
Beckett Hampshire	Carried a prisoner for Tasco to Ygnala by Vicario's troops, imprisonment, and ill-usage at latter place.
Bennett family	Murder of their father, J. Bennett, by the police at Pachuca.
John W. Innes	Hunted about the Mountains of Oaxaca by Cobos' soldiers; price put on his head.
Henry Beale's estate	Murder of Henry M. Beale

Compiled by F. Glennie, Consul, Mexico, April 4, 1862.

Recapitulation

Class 1	£ 1,792,264	67
Class 2	350,326	38
Class 3	631,828	51
Class 4	530,368	69
Class 5	?	

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£ 3,304,788 15 +?

Amount of the 'Mackintosh claims'  
in March 1858 according to  
Statement furnished by  
Mr. Bourdillon on April 4, 1862  
to Consul Glennie (These claims  
arose out of forced loans,  
"Consumo" duty claim, breach of  
contracts, money advanced to  
the government etc).

8,324,275 00

Up to April 4, 1862

11,629,063 15 +?

Notice of further claims from April 4 to April 17, 1862

Barron, Forbes & Co.

Bonds of the interior debt  
retired from circulation  
88,725

Samuel B. King

Government orders  
on customs 70,945

Ditto

Government orders  
on Tobacco  
Co. 44,435.33

David Morn

Plunder by troops £344

Real del Monte employees

Plunder by troops £3,518.80

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207,968 13

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Total amount of British claims reported up to April 17, 1862 £ 11,837,031.28+  
(interest pending)

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Compiled by F. Glennie British Consul (at Mexico) on April 17, 1862, at  
Orizaba.

Source: "Despatches Relating to British Claims", Parliamentary Papers,  
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